

# **SECTION 184 INDIAN HOUSING LOAN**

## **GUARANTEE PROGRAM**

### **Processing Guidelines 2011**

## **Chapter 4: Eligible Activities and Properties**

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### **4.1 OVERVIEW**

The Section 184 statute provides flexibility regarding types of activities that may be undertaken. A loan guarantee may be provided for a range of activities, including purchase of existing property, acquisition and rehabilitation, refinance and/or new construction. The subject property may contain one to four dwelling units. This chapter provides guidance about eligible property types and the process for appraising and qualifying individual homes.

### **4.2 ELIGIBLE PROPERTIES**

The Section 184 Program is designed to enhance home mortgage lending on trust/restricted lands and in other Indian areas. Only single-family properties are eligible for inclusion in the Program.

**Definition of an Eligible Single Family Property.** A single-family property is a structure containing one to four family dwelling units or up to four individual buildings located on one lot. Multifamily properties (buildings containing more than four units) are not eligible for

participation in this Program. The following variations of one to four dwelling unit types will be considered acceptable:

- Units do not have to be connected to be considered multi-units and eligible for guarantee
- Can be detached from one another
- Property must be described legally as one property
- Property must conform to local zoning
- All units must be recognized as a legal dwelling

In order to be considered a single structure, multiple units must share a common roof and at least one wall that is connected to another unit. A site with four separate, non-connected structures is not considered to be one single-family unit but, may be eligible for a Section 184 Guarantee if it meets the criteria established in the above bullet points.

Condominium properties must be approved by Federal Housing Administration (FHA). Provide a copy of the Condominium Project Approval from FHA Connection for the file. Additionally, must have 2 years of Financial Statements from the condominium management for review and final approval.

**Definition of Multiple Properties.** Borrowers who are interested in developing multiple properties must apply for multiple loans and loan guarantees. For example, if an Indian Housing Authority (IHA)/Tribally Designated Housing Entity (TDHE) or Tribe wants to build 20 single-family homes for sale to individual tribal members, each of the homes must have a separate loan with a separate loan guarantee. The borrower may utilize a "master application" that references each individual home, loan and loan guarantee.

### 4.3 MODEST HOUSING

The Section 184 statute requires that all housing under the Program be considered modest in size and design. To meet this requirement, no loan under the Section 184 Program may exceed 150% of the maximum FHA mortgage limit for the area. The Section 184 program uses the FHA mortgage limits as published on March 8, 2008. The listing of mortgage limits may be obtained from the Office of Native American Programs (*ONAP*) or on the Internet at: [www.hud.gov](http://www.hud.gov).

### 4.4 REHABILITATION OF EXISTING STRUCTURES WITH EXISTING DEBTS

- A. **Rehabilitation by Current Owner.** If a current homeowner wishes to undertake rehabilitation with a Section 184 loan, the existing indebtedness may be rolled into the new Section 184 loan by using a credit qualifying refinance with an appraisal. The appraisal will be for the after-improved value.
- B. **Mutual Help Units.** A Section 184 loan may be used to "pay off" a Mutual Help home so that the property may be conveyed to the homeowner. A guaranteed loan could also be used to pay off and rehabilitate a Mutual Help home. A unit developed under the Mutual Help Program is not eligible for rehabilitation with a

Section 184 guaranteed loan unless the unit has been paid-off and conveyed to the homeowner. Conveyed Mutual Help units may be rehabilitated with a Section 184 loan if the property meets the criteria listed in Paragraph 4.4(a) above.

#### 4.5 NEW CONSTRUCTION

When undertaking new construction, borrowers, lenders, and tribes are free to develop structures that meet the specific needs of individual households. These structures may be created to be culturally relevant and are not required to follow any one specific floor plan or design model. Homebuyers may wish to consult readily available home plan guides for design options or possibilities. However, if the borrower selects a home plan from such a guide, the lender and/or the Office of Loan Guarantee may decide whether a local licensed architect's stamp is needed.

In addition, some IHAs/TDHEs may be able to provide homebuyers with sample plans and specifications. The lender and/or the Office of Loan Guarantee may require that these sample plans also be stamped by a local, licensed architect. (Chapter 7 contains further instructions on new construction.)

#### 4.6 RENTAL HOUSING

- A. **Eligibility.** Rental housing may be developed under the Section 184 Program **if** the property meets the definition of single-family structure stated in Paragraph 4.2(a). Multifamily housing may not be developed under Section 184.

All rental housing developed under the Section 184 Program must either be owned by:

1. An Indian family who is an owner-occupant (i.e., lives in one of the units);  
or
2. An Indian housing authority/tribally designated housing entity; or
3. An Indian Tribe.

Other forms of investor-owned rental housing are not permitted under the Section 184 Program.

- B. **Hotel and Transient Units.** Section 184 units must be used as permanent housing. The Hotel and Transient Use Certifications Form (see Appendix 4.1) must be signed by the borrower and obtained by the lender for every application on property containing two or more family units or a single family unit that is one of a group of five or more dwellings held by the same borrower. This is HUD's assurance that the property will not be used for hotel or transient purposes or otherwise be rented for periods of less than 30 days.

#### 4.7 PROPERTY STANDARDS

All properties under the Section 184 Program must be decent, safe, and sanitary and must conform to general construction standards for the region. The Section 184 statute specifies the standards listed below. The following property standards represent a minimum level of housing quality. The lender, individual owner, Tribe or IHA/TDHE may wish to develop a property that meets a higher standard. The Tribe/IHA/TDHE must indicate to the lender which

construction codes are followed, how building permits are handled and how building inspections will be performed.

**A. Heating System**

1. Have the capacity to maintain a minimum temperature of 65 degrees Fahrenheit during the coldest weather in the area.
2. Be safe to operate and maintain.
3. Deliver a uniform distribution of heat.
4. Conform to any applicable Tribal heating code. If there is no applicable Tribal code, the system must conform to the applicable county, state, or national code.

**B. Plumbing System**

1. Use a properly installed system of piping.
2. Include a kitchen sink and a separate bathroom with lavatory, toilet, and bath or shower.
3. Use water supply, plumbing, and sewage disposal systems that conform to any applicable Tribal code. If there is no applicable Tribal code, the plumbing must comply with the minimum standards established by the applicable county or state. If water and sewer systems cannot be connected to public systems, the water well and/or septic system must meet the requirements of the local health authority with jurisdiction.

**C. Electrical System.** The electrical system must use wiring and equipment that is properly installed and safely supplies electrical energy for lighting and operation of appliances and that conforms to any applicable Tribal code. If there is no applicable Tribal code, the electrical system must comply with an appropriate county, state, or national code.

**D. Unit Size.** The Section 184 statute specifies minimum unit sizes for the Program. The statute does not specify a maximum unit size, although all units must be modest in size and design (see Paragraph 4.3). Borrowers should select homes that are within their budget and meet the needs of their family.

The size of the unit may be no smaller than:

1. 570 square feet in size, if the unit is designed for a family of one to four persons.
2. 850 square feet in size, if the unit is designed for a family of between five and seven persons.
3. 1,020 square feet in size if the unit is designed for a family of eight or more persons.

OR

4. The unit must be of the size provided under locally adopted standards for the size of dwelling units.

The Department may waive the above-stated unit size requirements based upon a request from a tribe or IHA/TDHE. If such a waiver is desired, the Tribe or

IHA/TDHE should send a letter explaining the necessity of the change, along with any relevant background data or materials to the Office of Loan Guarantee.

- E. **Energy Efficiency.** For new construction or substantial rehabilitation (rehabilitation costing \$25,000 or more), the dwelling unit must comply with the energy performance standards for new construction established by the Department under section 526(a) of the National Housing Act.
- F. **Lead-Based Paint.** The dwelling unit must comply with lead-based paint rules at 24 CFR Part 35 (i.e., no cracking, peeling, scaling paint). The Environmental Protection Agency's (EPA) lead-based paint pamphlet must be given to borrowers purchasing pre-1978 units before execution of the sales contract and include an acknowledgement signed by the borrower. The EPA Pamphlet, Protecting Your Family From Lead In Your Home, may be ordered through the Government Printing Office by calling: (202) 512-1800, stock number 055-000-00507-9.

Units must substantially meet all of the above-listed standards before borrowers will be allowed to move in. It is possible that a few minor "punch list" items may remain incomplete at the time that the borrower takes possession of the property. If that is the case, the lender must ensure that these final improvements are completed. See Chapter 5.18.

- G. **Compliance with Fair Housing Act Design and Construction Requirements.** Until October 1, 1997, for those IHAs/TDHEs subject to the Fair Housing Act, all four unit newly constructed dwellings shall comply with the accessibility design and construction requirements set forth at 24 CFR Section 100.205.

## 4.8 ARCHITECTURAL EXHIBITS

- A. **Authorized Parties.** Borrowers who anticipate undertaking rehabilitation or new construction must submit detailed plans and specifications to the lender for review.
  - 1. **Plans and Specifications for New Construction.** Must be developed by an architect and/or the proposed general contractor. The lender and/or the Office of Loan Guarantee may require that the architect be state certified or that the plans and specifications be stamped by an architect with such certification.
  - 2. **Plans and Specifications for Rehabilitation.** May be developed by an architect or by a contractor or inspector, depending upon the nature of the work.
  - 3. **Lenders.** Must ensure that anyone developing work plans and specifications has sufficient expertise to effectively undertake that effort.
- B. **Minimum Requirements.** The property plans and specifications and other architectural exhibits must be of sufficient detail to allow lenders, appraisers, and HUD to readily review the scope of work and analyze costs. The architectural exhibits must include:
  - 1. **Detailed Plan and Specifications.** This should be divided by topic area (e.g., mechanical systems, exterior repairs) and must explain exactly what the contractor proposes to do. Appendix 4.2 contains a sample

specification of work. It should also state model types or specifications for exactly the materials or processes to be used. The plans should show elevations and include a floor plan.

2. **Cost Estimate.** This estimate must be the architects' and/or contractors' best estimate of the cost to complete the project. The cost estimate may not be developed by the borrower unless the borrower is a certified licensed contractor and/or architect. Cost estimates must include labor and materials sufficient to complete the work by a contractor. Homebuyers doing their own work cannot eliminate the cost estimate for labor, because if they cannot complete the work there must be sufficient money in the escrow account to get a subcontractor to do the work. This estimate should be firm and final. Borrower-, contractor-, or architect-directed additions or subtractions to this cost estimate will be accomplished only via an approved change order during the construction period. See Chapter 7.5(b) for more information about change orders.
3. **Site Map and Legal Description.** On tribal trust land, this will generally be obtained from the tribe. In addition, BIA may be involved with any required property survey or mapping. However, circumstances may require the borrower to determine the legal description, at his/her cost, by having a survey of the exterior boundaries of the property to be leased be performed by a licensed land surveyor and a plot submitted to BIA for approval.

On allotted trust land, lenders and borrowers may contact BIA and/or the tribe to solicit assistance with site maps and legal surveys. As noted above, it is possible that the borrower may be required to pay for a legal survey of the property if one does not exist.

On fee simple land, borrowers and lenders must use a private title company to obtain information about the property's legal description and map. The borrower may be required to pay for a property survey.
4. **Plot Plan.** A plot plan showing the location of the structure, with setbacks, driveways, water/sewer lines, and other relevant details; the plan should include the finished grade elevations at the property corners and building corners, and where feasible, indicate the required flood elevation.
5. **Name/Address/Phone Number of the Builder.** As approved by the lender. It is recommended that a general contractor, who is licensed or registered in the state and who has appropriate experience and qualifications, perform all work. See Paragraph 4.9 for more information about the selection of contractors. Although owner/builders are not prohibited, it is the responsibility of the approved lender to document sufficient managerial skill and available time to ensure the timely completion of a decent, safe and sanitary property that will pass final inspection by a licensed third party inspector or appraiser. The owner/builder will be required to submit bids and use licensed subcontractors who will provide minimum one year warranties for plumbing, heating, electrical work and the home foundation.
6. **Proposed Homeowner/Contractor Agreement.** Between the borrower and the contractor specifying the terms of the construction contract and

incorporating the architectural exhibits into the contract. At a minimum, this agreement should:

- a. Describe the work to be performed;
- b. State when work will start and be completed;
- c. Make provision for binding arbitration on disputes;
- d. State the total amount to be paid to the contractor and terms of payment;
- e. Provide a one-year warranty on all work completed by the Contractor.

A sample Borrower/Contractor Agreement is contained in Appendix 4.23. Where the lender has determined that the borrower has sufficient experience to do the work or act as the general contractor, the lender should obtain a Self-Help Agreement from the borrower. A sample Self-Help Agreement is contained in Appendix 4.26.

7. **Builder's Certification.** HUD-92541 signed and completed by the builder (see Appendix 4.28).
8. **Schedule of Amounts for Contract Payments.** HUD-51000 (see Appendix 4.31) shows construction loan breakdown by the contractor in sufficient detail to guide construction draw downs by the lender; It may be convenient to use columns: (a) Item Number; and (b) Description of Item in the Period Estimate for Partial Payment Form, HUD-51001(see Appendix 4.33) or a draw request form (see Appendix 4.35), which would be the basis for construction draws.

It is important that the lender analyze the breakdown in order to avoid "front loading" of draws. (In some instances, lenders may request supporting bids from subcontractors and suppliers.) In addition a sample draw request form is contained in Appendix 4.35. If the lender's construction department has a similar draw form currently in use, this would also be acceptable to HUD.

Once lenders receive the above-noted materials, they will order an appraisal and will have the plans and specifications reviewed to determine whether the costs are reasonable and whether the plans are appropriate.

#### **4.9 CONTRACTOR / ARCHITECT SELECTION**

Borrowers are given maximum flexibility in the selection of architects and contractors. However, all such entities must be experienced and qualified to the satisfaction of the lender.

- A. **Procurement Requirements.** Borrowers are not required to use Indian Preference or other federal procurement procedures when selecting contractors or architects unless other federal program funds are provided to assist the homebuyer with the development. If other federal program funds are used in the project, refer to the procurement requirements of those programs.

Borrowers are required to sign an agreement with the selected contractor and/or architect. See Paragraph 4.8 (b)(6) for more information about these requirements.

- B. **IHA/TDHE or Tribal Force Account Labor.** As noted in Chapter 4, an IHA/TDHE may elect to act as a developer under the Section 184 Program. The IHA/TDHE may use force account labor for either the contracting or the related services (such as architecture, inspections, etc.) if these staff are qualified and acceptable to the lender. The IHA/TDHE may also contract with the tribe for force account labor. If the IHA/TDHE uses force account labor, the cost of that labor may not be charged to other HUD housing programs. Thus, the IHA/TDHE may not pay for Section 184 force account labor out of its Mutual Help or Low Rent Program funds.
- C. **Qualifications.** The Office of Loan Guarantee and lender will determine whether the contractor must be licensed and insured/bonded and whether the architect must be licensed within the state.
- D. **Sweat Equity.** The individual borrower may elect to act as his/her own general contractor if he/she can demonstrate skills and experience in such activities to the satisfaction of the lender and HUD. However, the homebuyer may not act as the actual trades' contractor unless he/she is skilled in that area. An architect, contractor, or inspector must develop the cost estimate and plans. The lender and/or the Office of Loan Guarantee may require that a state certified architect stamp the plans.

If the homebuyer acts as the general contractor, he or she may not be compensated for this work. In addition, no profit/overhead can be taken by the individual homebuyer on items constructed or materials purchased by the homebuyer. The borrower must request reimbursement for the actual cost of any materials on the draw request form.

The difference between the estimated cost to complete the work and the actual cost of materials must remain in the escrow account until all work on the property is complete. After completion of the work, any excess funds remaining in the escrow account may be used for:

1. Documented cost overruns;
2. Verified additional improvements to the property; or
3. Prepayment of the mortgage principal.

The borrower's sweat equity contribution may be applied toward his/her required down payment amount when the lender carries the interim construction loan only. This amount must be included in the architect/contractor's estimate of costs and the lender must document the contributory value through either the appraiser's estimate or through a cost estimating service.

## 4.10 APPRAISALS

### A. General

1. **Purpose of the Appraisal.** All properties under the Section 184 Program must be appraised. The purpose of the appraisal is to estimate the value of the property. Based in part upon the information contained in the

appraisal, lenders will determine the mortgage amount and terms. Any required repairs are limited to those necessary to preserve the continued marketability of the property and to protect the health and safety of the occupants.

2. **Ordering the Appraisal.** On new construction, the lender must provide the appraiser with contracts, property plans and specifications and other related construction exhibits (see Paragraph 4.8), when the appraisal is ordered.
3. **Appraisal Guidelines.** The cost approach is often the primary indication of value based on the unique nature of the reservation setting. Lenders and appraisers should refer to HUD Handbook 4150.2 (see Appendix 4.37 & 4.42 for additional guidance in determining the exact methods of appraisal for trust land). A full copy of HUD Handbook 4150.2 can be obtained at [www.hud.gov](http://www.hud.gov).
4. **Qualifications.** Lenders may request appraisal based on the Home Valuation Code of Conduct (HVCC). HVCC requires appraiser to be licensed by the state the property is located in and:
  - a. Prohibits influencing or attempting to influence an appraiser or appraisal
  - b. This includes, coercion, extortion, collusion, compensation, inducement, intimidation, bribery or other means listed in the HVCC;
  - c. Allows real estate agents to provide comps to the appraiser
  - d. Prohibits mortgage brokers from ordering appraisals directly from the appraisers
  - e. Payment for appraisals can only be made to the lender or an authorized third party, not directly to the appraiser
  - f. Allows lenders to accept appraisals from other lenders or mortgage brokers
  - g. The new lender should obtain written assurances that the old lender has followed the HVCC
  - h. The appraisal conforms to the new lender's requirements
  - i. A lender may direct a mortgage broker to an approved Appraisal Management Company (AMC) to order an appraisal

#### **B. Methodology:**

1. **Trust/Allotted Land.** On trust or allotted land, appraisers will generally use the Marshall and Swift handbook. (available at [www.marshallswift.com](http://www.marshallswift.com)) This is a cost-based approach to computing value. On existing homes where comparable sales data is available, the appraiser should use a market approach to value.
2. **Fee Simple Land.** On fee simple land, appraisers should use the market method of appraisal including a review of comparable sales. If this methodology is not appropriate, given the location of the home, the appraiser should refer to HUD Handbook 4150.2 (see Appendix 4.37).

3. **Review of Plans and Specifications.** As a part of the appraisal, the appraiser will review the plans and specifications and other related construction exhibits and contracts.
  4. **Appraisals** for all case numbers assigned on or after January 1, 2010, the validity period for all appraisals on existing and proposed and under construction properties will be 120 days. The Office of Loan Guarantee or the DG lender will have the option of extending this timeframe when a cost based appraisal is used.
  5. **Appraisal Form.** The appraisal will be conducted using the standard Uniform Residential Appraisal Report (URAR) format.
  6. **Review of Appraisals.** All appraisals may be subject to a desk review. If errors are found in the initial appraiser's methodology, the review appraiser may adjust the value accordingly. In case of a dispute over the appraisal amount, the Office of Loan Guarantee may consult with the lender and the appraiser to make the final determination.
- C. **Land Value.** Tribal trust and individual allotted trust land. Lenders and appraisers can refer to HUD Handbook 4150.2 for further guidance (see Appendix 4.37).  
On fee simple land, the value of the land should be included as a part of the normal appraisal process.
- D. **Real Estate Commission.** The Marshall and Swift handbook typically includes in its estimate of value an amount for a real estate commission in tract development. When this expense is not present, the appraiser will subtract the typical estimate of the real estate commission from the total value. Real estate commissions are not applicable to tribal trust land transactions.

#### 4.11 ENVIRONMENTAL REVIEW

Environmental reviews are required on Section 184 loans. The review will be completed by the Tribe (assuming the responsibility for HUD) or by HUD (or a representative for HUD) if staff resources permit.

- A. **24 CFR 50:** Covers rules and procedures for HUD when preparing an environmental review. HUD-4128 (Appendix 4.45) should be completed. HUD has responsibility for approval.
- B. **24CFR 51:** Covers Siting of HUD Assisted Projects Near Hazardous Operations Handling Conventional Fuels or Chemicals of an Explosive or Flammable Nature.
- C. **24 CFR Part 58:** Covers rules for Tribes to meet NEPA and other federal requirements when assuming the role of the responsible federal office for environmental reviews.
  1. **New Construction**
    - a. 1 to 4 units on one-site or 5 or more units on scattered sites (2,000 feet apart). Categorical exclusion can be converted to exempt if in compliance with 24 CFR 58.35. Statutory Worksheet

(Appendix 4.47) must be completed and signed by responsible tribal entity.

- b. 5 or more units at a specific site require a full Environmental Assessment prior to commitment of funds.
2. **Existing Housing.** Compliance with 24 CFR 58.6 — Environmental Review record (Appendix 4.49).
- a. Flood Plain
  - b. Coastal Zone
  - c. Airport Clear Zone

#### 4.12 FLOOD PLAINS

If an existing property is located in an area mapped by the Federal Emergency Management Agency and it is in a special flood hazard area (100 year flood plain), flood insurance must be obtained. HUD will not guarantee properties located in a mapped flood plain without such insurance. This is a statutory requirement and an elevation certificate does not eliminate the flood insurance requirement. Flood insurance will not be required if the borrower obtains a Letter of Map Amendment (LOMA) from the local jurisdiction certifying the building site is above the 100 year flood plain.

When an area is not mapped, the tribe may request the Federal Emergency Management Agency to map a specific area or an entire reservation. This is recommended, especially if it is anticipated that there will be significant Section 184 activity.

Absent a flood plain map, the appraiser must indicate that to the best of his/her knowledge the property is or is not in a flood plain. If the appraiser believes the property is in a flood plain, no guarantee may be issued unless flood insurance is obtained. If the appraiser will not provide an opinion on this issue, the lender may contact the tribal housing office for flood plain information. The Tribe/IHA/TDHE may certify that the property is not in a flood plain.

The only way new construction can be done in a mapped or unmapped flood plain is to demonstrate that there are no practicable alternatives to floodplain development. Executive Order 11988 outlines an 8-step decision making process which is outlined in 24 CFR 55.20. An elevation certificate alone would not allow for new construction in a flood area. In most communities, there is vacant, buildable land that is located outside the floodplain and in such cases proposed flood plain development is to be rejected in favor of flood-free locations.

#### 4.13 TITLE

All properties must have clear title in order to participate in the Section 184 Program. This is demonstrated using different methods, depending upon land type.

- A. **Tribal Trust and Allotted Trust Land.** For properties on tribal trust or allotted trust land, HUD will accept a Title Status Report (TSR) that has been signed and approved by BIA. BIA is responsible for recording the lease and security instrument on the TSR.

- B. **Fee Simple Lands within an Indian Area.** These properties should be reviewed using a standard title search process through a private title company.

#### 4.14 INFRASTRUCTURE

- A. **Review.** In addition to an appraisal and an analysis of environmental issues, all new construction must be reviewed to ensure sufficiency of water and sewer access. This analysis may be undertaken by the IHS or by a local health authority for the reservation that is authorized to perform this function. On fee simple land, this review may be conducted by the local government.

Information on the IHS may be obtained from the tribe. The tribe must approve the IHS application and send the application to IHS for review. IHS will schedule the review and submit a report to BIA and to the owner. BIA will work with IHS to ensure that this review is completed. BIA will not sign a leasehold document until any needed water and sewer review is complete.

- B. **Eligible Items.** Within the LTV limits and the borrower's ability to pay, the Section 184 mortgage may include any on-site infrastructure needed to support the rehabilitated or newly constructed unit.
- C. **Off-Site Infrastructure Improvements. New Construction Project Development.** If a tribe or IHA/TDHE incurs specific costs to develop the off-site infrastructure of a project development, Section 184 will allow the **lesser** of: (a) the actual pro-rata portion of those costs to be included in the cost of the individual home or (b) up to 15% of the cost to construct the subject house.

Documentation must be provided (i.e., canceled checks, paid contracts) to clearly establish what the total cost of the development is and documentation as to the total number of homes within the development. Any costs included will be limited by the appraised value and loan limits for the area.

If the Indian Health Service or other agency provides the infrastructure at no cost to the tribe or IHA/TDHE, this amount cannot be included in the cost to be reimbursed to the tribe or IHA/TDHE.

#### 4.15 MANUFACTURED HOUSING

HUD's terminology for mobile home is "manufactured home" but does not include modular construction which is also a factory built home but is treated the same as onsite or stick-built housing. Manufactured and modular homes may be built in the same factory and come off of the same assembly line, but it is important to know the difference. In many cases a modular home is brought to the building site on a trailer and the home is removed from the trailer and set on the foundation. The trailer is then returned to the factory (where practical). Please note that there are manufacturers that build modular housing on a frame with removable running gear, (axels) and a removable towing hitch or tongue.

A manufactured home is brought to the building site and set on a foundation system. Only the truck pulling the home returns to the factory. On a manufactured home the frame is a structural part of the house. A second method of separating the two is by verifying the language on the red HUD Tag/insignia attached to the rear of the unit. See replica of actual insignia and language below.

AS EVIDENCED BY THIS LABEL NO. \_\_\_\_\_

THE MANUFACTURER CERTIFIES TO THE BEST OF THE MANUFACTURER'S KNOWLEDGE AND BELIEF THAT THIS MANUFACTURED HOME HAS BEEN INSPECTED IN ACCORDANCE WITH THE REQUIREMENTS OF THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT AND IS CONSTRUCTED IN CONFORMANCE WITH THE FEDERAL MANUFACTURED HOME CONSTRUCTION AND SAFETY STANDARDS IN EFFECT ON THE DATE OF MANUFACTURE. SEE DATA PLATE

Manufactured homes are constructed in conformance with the, Manufactured Home Construction and Safety Standards. Modular homes are built to the standards adopted by local jurisdictions.

A. **General Eligibility** Criteria for Manufactured Housing. Appraisers selected to do appraisals on manufactured housing should be knowledgeable of the requirements.

1. Section 184 statute specifies minimum unit sizes for the Program (see Paragraph 4.7d)
2. The home must be constructed in conformance with the Federal Manufactured Home Construction and Safety Standards as evidenced by the affixed certification label.

This is the RED TAG that is on the rear of each section of the manufactured home.

HUD does not reissue labels, if a label is lost, you can request and obtain a letter of label within 3-5 business days, and a cost of approximately \$50.00 at [www.ibts.org](http://www.ibts.org).

3-5 business days, at a minimal cost

3. Only manufactured homes built after June 15, 1976 will bear that seal. Manufactured homes built before those dates are ineligible for Section 184 financing.
4. The home must be classified and taxed as real estate (as applicable).
5. The mortgage must cover both the manufactured unit and its site or the appropriate lease documents must be in place. The mortgage must have a term of no more than 30 years from the date amortization begins.
6. The manufactured home must not have been installed or occupied previously at any other site or location.
7. The finished grade elevation beneath the manufactured home or, if a basement is used, the lowest exterior grade adjacent to the perimeter enclosure, must be at or above the 100-year return frequency flood elevation.

8. The house must be permanently attached to the foundation system. The axles and tongue must be removed from the unit. The chassis must stay in place.
9. There must be a properly enclosed crawl space with a continuous permanent foundation-type construction (for more details see Appendix 4.50).
10. Existing foundations must be inspected by a professional engineer and certified that the foundation is adequate to support all loading (including snow loads) and that the manufactured home is securely fastened to the ground or the foundation and that the connections will withstand any possible shaking, uplift or wind loading that may be typical in the area\*

\*Unless otherwise contradicted by tribal building codes

**B. New Construction Manufactured Homes.** In addition to the general eligibility criteria:

1. Proposed homes must have, with or without a basement, a site-built permanent foundation that meets or exceeds applicable requirements in the Permanent Foundations Guide for Manufactured Housing issued September 1996 or local Rural Housing Services, USDA requirements. A licensed builder or the manufactured home dealer must sign a Warranty of Substantial Completion Form, HUD-92544 (see Appendix 4.51), for the foundation, whether the lender carries the interim construction loan or the loan is done as a single close construction loan. A Warranty of Substantial Completion will also be required for the manufactured home.
2. The unit must be braced and stiffened before it leaves the factory to eliminate racking and potential damage during transportation.
3. Minimum inspections required include an inspection of the permanent foundation and a final inspection of the entire property (Paragraph 7.7(6)).
4. All other requirements for new construction must be met.
5. Lenders that are making loans on manufactured housing should obtain copies of three documents:
  - a. Program regulations at 24 CFR 3280, the Manufactured Home Construction and Safety Standards and the Interpretive Bulletins to the Standards;
  - b. 24 CFR Part 3282, Manufactured Home Procedural and Enforcement Regulations; and
  - c. The Permanent Foundations Guide for Manufactured Housing issued September 1996 (HUD-4930.G).

Another publication that lenders will find particularly useful is Manufactured Home Installations, publication A225.1-1994, produced by the National Conference on Building Codes and Standards (505 Huntmar Park Drive, Herndon, VA 20170). This publication contains information on site preparation, foundations, installation procedures, preparation of appliances and utility system connections.

#### **4.16 HOME INSPECTIONS**

When purchasing an existing home, buyers are encouraged to obtain an inspection service to make the determination that the house they are purchasing is free of defects. Since HUD does not warrant the condition of the home, the buyer is best served when they are aware of their own responsibilities for assuring that the property is acceptable to them. Therefore, all lenders must provide a notice to the borrower. A sample form is contained in Appendix 4.52, or the lender may develop its own disclosure. The inspection disclosure is not required for new construction loans.

#### 4.17 QUICK TIPS

- A. **Minimum Property Requirements (MPR) and Minimum Property Standards (MPS).** For new construction to be eligible for 184 financing, it must comply with HUD's Minimum Property Standards (including 24 CFR 200.926d). Existing construction must comply with HUD's Minimum Property Requirements as laid out in HUD Handbook 4905.1 (see Appendix 4.53).

In the performance of a 184 appraisal, the appraiser must denote any deficiency in the appropriate section(s) (site issues in the site section, improvement issues in the improvements section) of the appraisal report.

The appraiser is to note those repairs necessary to make the property comply with FHA's Minimum Property Requirements (MPR) or Minimum Property Standards (MPS) together with the estimated cost to cure. The lender will determine which repairs for existing properties must be made for the property to be eligible for a 184 guarantee insured financing.

- B. **Cosmetic Repairs** are not required; however, they are to be considered in the overall condition rating and valuation of the property. Examples of cosmetic repairs would include surface treatments, beautification or adornment not required for the preservation of the property. For example, generally, worn floor finishes or carpeting, holes in window screens, or a small crack in a windowpane are examples of deferred maintenance that do not rise to the level of a required repair but must be reported by the appraiser.

The physical condition of existing building improvements is examined at the time of the appraisal to determine whether repairs, alterations or inspections are necessary - essential to eliminate conditions threatening the continued physical security of the property.

- C. **Required Repairs** will be limited to necessary requirements to:

1. Protect the health and safety of the occupants (**Safety**)
2. Protect the security of the property (**Security**)
3. Correct physical deficiencies or conditions affecting structural integrity (**Soundness**)

- D. **Defective Conditions.** A property with defective conditions is unacceptable until the defects or conditions have been remedied and the probability of further damage eliminated. Defective conditions include:

1. Defective construction
2. Other readily observable conditions that impair the safety, sanitation or structural soundness of the dwelling

E. **Further Inspections.** Typical conditions that would require further inspection or testing by qualified individuals or entities:

1. Infestation – evidence of termites
2. Inoperative or inadequate plumbing, heating or electrical systems
3. Structural failure in framing members
4. Leaking or worn-out roofs
5. Cracked masonry or foundation damage
6. Drainage problems

Appraisers are reminded not to recommend inspections only as a means of limiting liability. The reason or indication of a particular problem must be given when requiring an inspection of any mechanical system, structural system, etc.

F. **Valuation Reporting Forms.** When determining value, the appraiser will use the appropriate appraisal report form.

1. Uniform Residential Appraisal Report (Fannie Mae Form 1004) for all 1 unit single family dwellings
2. Manufactured Home Appraisal Report (Fannie Mae Form 1004C) for all manufactured homes
3. Individual Condominium Unit Appraisal Report (Fannie Mae Form 1073) for all individual condominium units
4. Small Residential Income Property Appraisal Report (Fannie Mae Form 1025) for all 2 to 4 unit single family dwellings
5. Appraisal update (Fannie Mae Form 1004D)
6. Market Condition Form (Fannie 1004MC)

These forms are available online at: <http://www.efanniemae.com/index.jsp>

# Borrower's Contract with Respect to Hotel and Transient Use of Property

U.S. Department of Housing  
and Urban Development  
Office of Housing  
Federal Housing Commissioner

OMB Approval No. 2502-0059  
(Expires 11/30/2010)

FHA Case Number:	Borrower's Name:
------------------	------------------

Property Address:

By this contract between the person signing as Borrower/Mortgagor, and hereinafter referred to as the Borrower, and the Secretary of Housing and Urban Development, hereinafter referred to as the Secretary, the parties hereto agree and covenant as follows:

The Secretary has been requested to insure a mortgage on the housing identified in the caption hereof under the provisions of the National Housing Act, as amended:

The Borrower, as the owner of said property by reason of such mortgage insurance, will receive the benefits of said Act;

Sec. 513(a) of the National Housing Act, as amended, provides that as long as mortgage insurance is outstanding no portion of the housing covered by any such mortgage shall be used for transient or hotel purposes;

The Secretary has defined the term transient or hotel purposes to mean (1) any rental for a period less than 30 days, or (2) any rental if the occupants of the housing accommodations are provided customary hotel services such as room service for food and beverages, maid service, furnishing and laundering of linen, and bellboy service.

In consideration of the foregoing the Borrower covenants and agrees that so long as any of the housing identified in the caption hereof or any part thereof is subject to a mortgage insured under the provisions of the National Housing Act, the Borrower, his/her successors and assigns, will not rent, offer to rent, permit the rental or permit the offering for rental of such housing or any part thereof for transient or hotel purposes.

Pursuant to 28 U.S.C. Section 1746, I certify under penalty of perjury that the foregoing is true and correct.

**Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Date on which this Contract is Executed:	Borrower's Signature:  X
	Co-Borrower's Signature:  X

Secretary of HUD, by Federal Housing Commissioner:  
(Signature of HUD Authorized Agent)

X

## CONSTRUCTION WORK ORDER

### SPECIFICATION OF REPAIRS

Applicant's Name _____ Property Address _____ City _____ State _____ Zip _____	Contact Name _____ Contact Phone No. _____ Best Time to Call _____
Loan Guarantee No. _____ Mtg. Co. Loan No. _____ Estimated Number of Mos. Needed to Complete Work _____	Contractor's Name _____ Address _____ City _____ State _____ Zip _____ Telephone No. _____ License No. _____
Assigned Appraiser _____ Telephone No. _____	Assigned Plan Reviewer _____ Telephone No. _____

#### **STEP-BY-STEP PROCEDURES**

1. Each line must be addressed by either filling in the information or entering "NONE" in the "SUBTOTAL" section. (Print or Type)
2. Description of Materials. HUD Form 92005 needs to be used listing all materials. For items such as: kitchen cabinets, appliances, heating and air condition, etc., make and model number.
3. Inspection report from a qualified architect, engineer or inspection service.
4. Set of architectural plans should be attached for new construction. They must show the property address and the borrower's name. Floor plan, building section, elevations and plot plan needs to be included.)
5. Transfer the costs to draw request form for each construction draw.
6. The sales contract should be attached, indicating that the loan is contingent upon HUD 184 loan approval.
7. If Owner performs any of the work other than painting and cleaning, a letter detailing his/her qualifications to perform the work is necessary, (normally three years full time employment as a building trades employee). Homeowner may not be reimbursed for labor.
8. Definitions of Abbreviations:  
 Linear Feet = LF    Each = EA    Square Feet = SF    Square Yard = SY    Lump Sum = LS

# 1. MASONRY

	Unit.	\$ Cost	Qty	Total	Describe the work to be done
Point brick work	SF				
Stucco	SF				
Build brick wall	SF				
Build masonry, brick or stone chimney	SF				

This portion of the work will be done by: (initial one) \_\_\_\_\_ Owner \_\_\_\_\_ Contractor \_\_\_\_\_ Subcontractor

\_\_\_\_\_ Required Repair \_\_\_\_\_ Permit Necessary

See Description of Materials Form HUD 92005 See Item No. \_\_\_\_\_

COMMENTS:

SUB-TOTAL SECTION NO. 1 \$ \_\_\_\_\_

# 2. SIDING

	Unit.	\$ Cost	Qty	Total	Describe the work to be done
Replace defective siding	SF				
Replace defective facia (REDWOOD)	LF				
Replace defective soffit	SF				

This portion of the work will be done by: (initial one) \_\_\_\_\_ Owner \_\_\_\_\_ Contractor \_\_\_\_\_ Subcontractor

\_\_\_\_\_ Required Repair \_\_\_\_\_ Permit Necessary

See Description of Materials Form HUD 92005 See Item No. \_\_\_\_\_

COMMENTS:

SUB-TOTAL SECTION NO. 2 \$ \_\_\_\_\_

### 3. GUTTERS & DOWNSPOUTS

	Unit.	\$ Cost	Qty	Total	Describe the work to be done
Replace gutters & downspouts MINIMUM R6 GA	LF				
Clean gutters & open downspouts	LS				

This portion of the work will be done by: (initial one) \_\_\_\_\_ Owner \_\_\_\_\_ Contractor \_\_\_\_\_ Subcontractor

\_\_\_\_\_ Required Repair \_\_\_\_\_ Permit Necessary

See Description of Materials Form HUD 92005 See Item No. \_\_\_\_\_

COMMENTS: SUB-TOTAL SECTION NO. 3 \$ \_\_\_\_\_

### 4. ROOF

	Unit.	\$ Cost	Qty	Total	Describe the work to be done
Install a new built up roof, with new metal gravel stops	SF				
Install 240# Sealtab asphalt shingles on all roofs with a 3:12 pitch or greater	SF				
Remove old roofing (if more than 2 layers)	SF				

This portion of the work will be done by: (initial one) \_\_\_\_\_ Owner \_\_\_\_\_ Contractor \_\_\_\_\_ Subcontractor

\_\_\_\_\_ Required Repair \_\_\_\_\_ Permit Necessary

See Description of Materials Form HUD 92005 See Item No. \_\_\_\_\_

COMMENTS: SUB-TOTAL SECTION NO. 4 \$ \_\_\_\_\_

## 5. SHUTTERS

	Unit.	\$ Cost	Qty	Total	Describe the work to be done
Install shutters at windows	Pair				

This portion of the work will be done by: (initial one) \_\_\_\_\_ Owner \_\_\_\_\_ Contractor \_\_\_\_\_ Subcontractor  
 \_\_\_\_\_ Required Repair \_\_\_\_\_ Permit Necessary

See Description of Materials Form HUD 92005 See Item No. \_\_\_\_\_

COMMENTS: SUB-TOTAL SECTION NO. 5 \$ \_\_\_\_\_

## 6. EXTERIORS

	Unit.	\$ Cost	Qty	Total	Describe the work to be done
Remove defective, buckled wood members	LF				
Provide a structurally sound porch floor, properly finished	SF				
Replace existing porch with masonry steps and stoops	SF				
Provide ornamental iron or wood railing or parts	LF				
Provide wood deck with foundation finished	SF				

This portion of the work will be done by: (initial one) \_\_\_\_\_ Owner \_\_\_\_\_ Contractor \_\_\_\_\_ Subcontractor  
 \_\_\_\_\_ Required Repair \_\_\_\_\_ Permit Necessary

See Description of Materials Form HUD 92005 See Item No. \_\_\_\_\_

COMMENTS: SUB-TOTAL SECTION NO. 6 \$ \_\_\_\_\_

## 7. WALKS

	Unit.	\$ Cost	Qty	Total	Describe the work to be done
Install new concrete walks (Minimum 36" W)	SF				
Install concrete steps (Minimum 36" W)	LF				

This portion of the work will be done by: (initial one) \_\_\_\_\_ Owner \_\_\_\_\_ Contractor \_\_\_\_\_ Subcontractor  
 \_\_\_\_\_ Required Repair \_\_\_\_\_ Permit Necessary

See Description of Materials Form HUD 92005 See Item No. \_\_\_\_\_

COMMENTS: SUB-TOTAL SECTION NO. 7 \$ \_\_\_\_\_

## 8. DRIVEWAYS

	Unit.	\$ Cost	Qty	Total	Describe the work to be done
Remove old driveway and apron	SF				
Install blacktop drive min. 2" over existing drive and apron	SF				
Install new concrete driveway min 4" and apron with wire mesh Control Joints every 10'	SF				

This portion of the work will be done by: (initial one) \_\_\_\_\_ Owner \_\_\_\_\_ Contractor \_\_\_\_\_ Subcontractor  
 \_\_\_\_\_ Required Repair \_\_\_\_\_ Permit Necessary

See Description of Materials Form HUD 92005 See Item No. \_\_\_\_\_

COMMENTS: SUB-TOTAL SECTION NO. 8 \$ \_\_\_\_\_

## 9. PAINT — EXTERIOR

	Unit.	\$ Cost	Qty	Total	Describe the work to be done
Scrape, sand smooth and paint a minimum two coats good quality paint at all exterior woodwork and metal. All old, defective paint to be removed in accordance with lead-based paint removal procedures	LS				

This portion of the work will be done by: (initial one) \_\_\_\_\_ Owner \_\_\_\_\_ Contractor \_\_\_\_\_ Subcontractor  
 \_\_\_\_\_ Required Repair \_\_\_\_\_ Permit Necessary

See Description of Materials Form HUD 92005 See Item No. \_\_\_\_\_

COMMENTS: SUB-TOTAL SECTION NO. 9 \$ \_\_\_\_\_

## 10. CAULKING

	Unit.	\$ Cost	Qty	Total	Describe the work to be done
Caulk all windows and door frames	EA				
Caulk cracks in concrete flatwork with silicone	EA				

This portion of the work will be done by: (initial one) \_\_\_\_\_ Owner \_\_\_\_\_ Contractor \_\_\_\_\_ Subcontractor  
 \_\_\_\_\_ Required Repair \_\_\_\_\_ Permit Necessary

See Description of Materials Form HUD 92005 See Item No. \_\_\_\_\_

COMMENTS: SUB-TOTAL SECTION NO. 10 \$ \_\_\_\_\_

## 11. FENCING

	Unit.	\$ Cost	Qty	Total	Describe the work to be done
Install new fencing	LF				
Reset existing fencing	LS				

This portion of the work will be done by: (initial one) \_\_\_\_\_ Owner \_\_\_\_\_ Contractor \_\_\_\_\_ Subcontractor

\_\_\_\_\_ Required Repair \_\_\_\_\_ Permit Necessary

See Description of Materials Form HUD 92005 See Item No. \_\_\_\_\_

COMMENTS: SUB-TOTAL SECTION NO. 11 \$ \_\_\_\_\_

## 12. GRADING

	Unit.	\$ Cost	Qty	Total	Describe the work to be done
Remove debris from yards finish earth; then grade and seed Minimum 6" fall in first 10' away from building	LS				

This portion of the work will be done by: (initial one) \_\_\_\_\_ Owner \_\_\_\_\_ Contractor \_\_\_\_\_ Subcontractor

\_\_\_\_\_ Required Repair \_\_\_\_\_ Permit Necessary

See Description of Materials Form HUD 92005 See Item No. \_\_\_\_\_

COMMENTS: SUB-TOTAL SECTION NO. 12 \$ \_\_\_\_\_

### 13. WINDOWS

	Unit.	\$ Cost	Qty	Total	Describe the work to be done
Install new replacement windows	EA				
Replace rotted or defective sash	EA				
Replace rotted or defective sill	EA				
Replace basement windows	EA				
Replace cracked/broken glass	EA				
Replace missing glazing putty	EA				
Repair/replace missing screens	EA				

This portion of the work will be done by: (initial one) \_\_\_\_\_ Owner \_\_\_\_\_ Contractor \_\_\_\_\_ Subcontractor

\_\_\_\_\_ Required Repair \_\_\_\_\_ Permit Necessary

See Description of Materials Form HUD 92005 See Item No. \_\_\_\_\_

COMMENTS:

SUB-TOTAL SECTION NO. 13 \$ \_\_\_\_\_

### 14. WEATHERSTRIPPING

	Unit.	\$ Cost	Qty	Total	Describe the work to be done
Install new weatherstripping at all exterior doors	LF				
Weatherstrip all windows	EA				
Install metal interlocking thresholds at exterior doors	EA				

This portion of the work will be done by: (initial one) \_\_\_\_\_ Owner \_\_\_\_\_ Contractor \_\_\_\_\_ Subcontractor

\_\_\_\_\_ Required Repair \_\_\_\_\_ Permit Necessary

See Description of Materials Form HUD 92005 See Item No. \_\_\_\_\_

COMMENTS:

SUB-TOTAL SECTION NO. 14 \$ \_\_\_\_\_

## 15. DOORS — EXTERIOR

	Unit.	\$ Cost	Qty	Total	Describe the work to be done
Install 1-3/4" exterior doors	EA				
Install three (3) new door butts (Brand)	EA				
Install exterior door trim	LF				
Install new lockset (Brand and Series)	EA				

This portion of the work will be done by: (initial one) \_\_\_\_\_ Owner \_\_\_\_\_ Contractor \_\_\_\_\_ Subcontractor  
 \_\_\_\_\_ Required Repair \_\_\_\_\_ Permit Necessary

See Description of Materials Form HUD 92005 See Item No. \_\_\_\_\_

COMMENTS: SUB-TOTAL SECTION NO. 15 \$ \_\_\_\_\_

## 16. DOORS — INTERIOR

	Unit.	\$ Cost	Qty	Total	Describe the work to be done
Replace defective doors	EA				
Replace new doors with new locksets	EA				
Install lockset where missing or malfunctioning	EA				
Readjust all doors for proper closing	EA				
Install bedroom closet doors	EA				
Install bi-fold doors	EA				
Install trim around doors	EA				

This portion of the work will be done by: (initial one) \_\_\_\_\_ Owner \_\_\_\_\_ Contractor \_\_\_\_\_ Subcontractor  
 \_\_\_\_\_ Required Repair \_\_\_\_\_ Permit Necessary

See Description of Materials Form HUD 92005 See Item No. \_\_\_\_\_

COMMENTS: SUB-TOTAL SECTION NO. 16 \$ \_\_\_\_\_

## 17. PARTITION

	Unit.	\$ Cost	Qty	Total	Describe the work to be done
Framing of new walls and partitions (Do not include drywall costs)	SF				

This portion of the work will be done by: (initial one) \_\_\_\_\_ Owner \_\_\_\_\_ Contractor \_\_\_\_\_ Subcontractor  
 \_\_\_\_\_ Required Repair \_\_\_\_\_ Permit Necessary

See Description of Materials Form HUD 92005 See Item No. \_\_\_\_\_

COMMENTS: SUB-TOTAL SECTION NO. 17 \$ \_\_\_\_\_

## 18. PLASTER/DRYWALL (to U.S. Gypsum Standards)

	Unit.	\$ Cost	Qty	Total	Describe the work to be done
Patch all defective plaster/drywall to match existing wall or ceiling finish	LS				
Install new drywall	SF				

This portion of the work will be done by: (initial one) \_\_\_\_\_ Owner \_\_\_\_\_ Contractor \_\_\_\_\_ Subcontractor  
 \_\_\_\_\_ Required Repair \_\_\_\_\_ Permit Necessary

See Description of Materials Form HUD 92005 See Item No. \_\_\_\_\_

COMMENTS: SUB-TOTAL SECTION NO. 18 \$ \_\_\_\_\_

## 19. DECORATING

	Unit.	\$ Cost	Qty	Total	Describe the work to be done
Paint all interior walls & trim (all old, defective paint to be removed in accordance with lead paint removal procedures) (2 coats primer and finish)	LS				
Removal all existing wallpaper	SF				
Wallpaper walls	SF				

This portion of the work will be done by: (initial one) \_\_\_\_\_ Owner \_\_\_\_\_ Contractor \_\_\_\_\_ Subcontractor

\_\_\_\_\_ Required Repair \_\_\_\_\_ Permit Necessary

See Description of Materials Form HUD 92005 See Item No. \_\_\_\_\_

COMMENTS:

SUB-TOTAL SECTION NO. 19 \$ \_\_\_\_\_

## 20. WOOD TRIM

	Unit.	\$ Cost	Qty	Total	Describe the work to be done
Replace all cracked, broken, mismatched trim, jambs, etc.	LF				
Remove all unused hinges, curtain rod hangers, nails, screws, etc.	EA				
Replace all wood trim at interior door units, base, shoe & other trim	LF				
Replace defective wall paneling	SF				

This portion of the work will be done by: (initial one) \_\_\_\_\_ Owner \_\_\_\_\_ Contractor \_\_\_\_\_ Subcontractor

\_\_\_\_\_ Required Repair \_\_\_\_\_ Permit Necessary

See Description of Materials Form HUD 92005 See Item No. \_\_\_\_\_

COMMENTS:

SUB-TOTAL SECTION NO. 20 \$ \_\_\_\_\_

## 21. STAIRS

	Unit.	\$ Cost	Qty	Total	Describe the work to be done
Replace bad basement treads, and risers	LF				
Replace main stairs, treads & risers	LF				
Replace broken and/or missing baluster	LF				
Provide hand rails, etc.	LF				
Install new stairs at basement	LS				
Install new stairs	LS				

This portion of the work will be done by: (initial one) \_\_\_\_\_ Owner \_\_\_\_\_ Contractor \_\_\_\_\_ Subcontractor

\_\_\_\_\_ Required Repair \_\_\_\_\_ Permit Necessary

See Description of Materials Form HUD 92005 See Item No. \_\_\_\_\_

COMMENTS:

SUB-TOTAL SECTION NO. 21 \$ \_\_\_\_\_

## 22. CLOSETS

	Unit.	\$ Cost	Qty	Total	Describe the work to be done
Install shelves	LF				
Install clothing rods	LF				

This portion of the work will be done by: (initial one) \_\_\_\_\_ Owner \_\_\_\_\_ Contractor \_\_\_\_\_ Subcontractor

\_\_\_\_\_ Required Repair \_\_\_\_\_ Permit Necessary

See Description of Materials Form HUD 92005 See Item No. \_\_\_\_\_

COMMENTS:

SUB-TOTAL SECTION NO. 22 \$ \_\_\_\_\_

## 23. WOOD FLOORS

	Unit.	\$ Cost	Qty	Total	Describe the work to be done
Replace all defective flooring, holes in floors, etc. with wood flooring to match existing floors	SF				
Sand, fill & refinish wood floors	SF				
Install new hardwood floors	SF				

This portion of the work will be done by: (initial one) \_\_\_\_\_ Owner \_\_\_\_\_ Contractor \_\_\_\_\_ Subcontractor  
 \_\_\_\_\_ Required Repair \_\_\_\_\_ Permit Necessary

See Description of Materials Form HUD 92005 See Item No. \_\_\_\_\_

COMMENTS: SUB-TOTAL SECTION NO. 23 \$ \_\_\_\_\_

## 24. FINISHED FLOORS

	Unit.	\$ Cost	Qty	Total	Describe the work to be done
Install vinyl asbestos tile or sheet goods w/1/4" underlayment					
Kitchen:	SY				
Bath:	SY				
Install carpet & pad	SY				

This portion of the work will be done by: (initial one) \_\_\_\_\_ Owner \_\_\_\_\_ Contractor \_\_\_\_\_ Subcontractor  
 \_\_\_\_\_ Required Repair \_\_\_\_\_ Permit Necessary

See Description of Materials Form HUD 92005 See Item No. \_\_\_\_\_

COMMENTS: SUB-TOTAL SECTION NO. 24 \$ \_\_\_\_\_

## 25. CERAMIC TILE

	Unit.	\$ Cost	Qty	Total	Describe the work to be done
Install ceramic tile wainscot in bathroom area for shower height	SF				
Install ceramic tile floor	SF				
Install Marlite wainscot above bathtub area for shower height	SF				
Replace defective tile in bath	SF				
Replace defective tile in vestibule	SF				
Replace defective tile in kitchen	SF				

This portion of the work will be done by: (initial one) \_\_\_\_\_ Owner \_\_\_\_\_ Contractor \_\_\_\_\_ Subcontractor

\_\_\_\_\_ Required Repair \_\_\_\_\_ Permit Necessary

See Description of Materials Form HUD 92005 See Item No. \_\_\_\_\_

COMMENTS:

SUB-TOTAL SECTION NO. 25 \$ \_\_\_\_\_

## 26. BATH ACCESSORIES

	Unit.	\$ Cost	Qty	Total	Describe the work to be done
Replace medicine cabinet in bath	EA				
Install paper holder	EA				
Install towel bar	EA				
Install soap dish	EA				
Install grab bar in tub/shower	EA				

This portion of the work will be done by: (initial one) \_\_\_\_\_ Owner \_\_\_\_\_ Contractor \_\_\_\_\_ Subcontractor

\_\_\_\_\_ Required Repair \_\_\_\_\_ Permit Necessary

See Description of Materials Form HUD 92005 See Item No. \_\_\_\_\_

COMMENTS:

SUB-TOTAL SECTION NO. 26 \$ \_\_\_\_\_

## 27. PLUMBING

	Unit.	\$ Cost	Qty	Total	Describe the work to be done
Install new hot & cold water piping	LF				
Install 30 gal. (min) glass-lined gas hot water heater (52 gallon if electric)	EA				
Install new kitchen sink	EA				
Install 3-piece bathroom with shower over tub	LS				
Install laundry tray with faucet	EA				
Replace washers at faucets	EA				
Replace defective sewer lines	LF				
Replace defective faucets	EA				
Replace lead pipes	LF				

This portion of the work will be done by: (initial one) \_\_\_\_\_ Owner \_\_\_\_\_ Contractor \_\_\_\_\_ Subcontractor

\_\_\_\_\_ Required Repair \_\_\_\_\_ Permit Necessary

See Description of Materials Form HUD 92005 See Item No. \_\_\_\_\_

COMMENTS:

SUB-TOTAL SECTION NO. 27 \$ \_\_\_\_\_

## 28. ELECTRICAL

	Unit.	\$ Cost	Qty	Total	Describe the work to be done
Install 100 amp service	LS				
Replace all frayed exterior wire from service to main & into ext. panel box	LS				
Install new wall switches	EA				
Install new lighting fixtures (describe)	EA				
Install new exterior lighting	EA				
Replace wall receptacles	EA				
Install three (3) way switch	EA				
Install smoke detector(s)	EA				
Bath exhaust fan(s)	EA				
Install GFCI outlets	EA				
Install new wiring	LF				

This portion of the work will be done by: (initial one) \_\_\_\_\_ Owner \_\_\_\_\_ Contractor \_\_\_\_\_ Subcontractor

\_\_\_\_\_ Required Repair \_\_\_\_\_ Permit Necessary

See Description of Materials Form HUD 92005 See Item No. \_\_\_\_\_

COMMENTS:

SUB-TOTAL SECTION NO. 28 \$ \_\_\_\_\_

## 29. HEATING

	Unit.	\$ Cost	Qty	Total	Describe the work to be done
Install new Gas forced-warm air furnace	EA				
Install new hot water boiler	EA				
Install automatic flow-control valve	EA				
Install temperature control valve at boiler	EA				
Install heat supply outlet in each room	LS				
Install heat (FWA) grills	EA				

This portion of the work will be done by: (initial one) \_\_\_\_\_ Owner \_\_\_\_\_ Contractor \_\_\_\_\_ Subcontractor  
 \_\_\_\_\_ Required Repair \_\_\_\_\_ Permit Necessary

See Description of Materials Form HUD 92005 See Item No. \_\_\_\_\_

COMMENTS: SUB-TOTAL SECTION NO. 29 \$ \_\_\_\_\_

## 30. INSULATION

	Unit.	\$ Cost	Qty	Total	Describe the work to be done
Install crawl space R-_____ Exterior walls or joists	SF				
Install Attic R-_____	SF				
Install R-13 batts in exterior walls	SF				
Install 6 mil vapor barrier in crawl space	SF				

This portion of the work will be done by: (initial one) \_\_\_\_\_ Owner \_\_\_\_\_ Contractor \_\_\_\_\_ Subcontractor  
 \_\_\_\_\_ Required Repair \_\_\_\_\_ Permit Necessary

See Description of Materials Form HUD 92005 See Item No. \_\_\_\_\_

COMMENTS: SUB-TOTAL SECTION NO. 30 \$ \_\_\_\_\_

## 31. CABINETRY

	Unit.	\$ Cost	Qty	Total	Describe the work to be done
Base cabinets	LF				
Kitchen countertops	LS				
Wall cabinets	LF				
Vanities	EA				
Vanity countertop(s)	LS				

This portion of the work will be done by: (initial one) \_\_\_\_\_ Owner \_\_\_\_\_ Contractor \_\_\_\_\_ Subcontractor

\_\_\_\_\_ Required Repair \_\_\_\_\_ Permit Necessary

See Description of Materials Form HUD 92005 See Item No. \_\_\_\_\_

COMMENTS:

SUB-TOTAL SECTION NO. 31 \$ \_\_\_\_\_

## 32. APPLIANCES\*

	Unit.	\$ Cost	Qty	Total	Describe the work to be done
Range	EA				
Refrigerator	EA				
Dishwasher	EA				
Disposal	EA				
Range Hood Fan	EA				

This portion of the work will be done by: (initial one) \_\_\_\_\_ Owner \_\_\_\_\_ Contractor \_\_\_\_\_ Subcontractor

\_\_\_\_\_ Required Repair \_\_\_\_\_ Permit Necessary

See Description of Materials Form HUD 92005 See Item No. \_\_\_\_\_

COMMENTS:

SUB-TOTAL SECTION NO. 32 \$ \_\_\_\_\_

### 33. BASEMENTS

	Unit.	\$ Cost	Qty	Total	Describe the work to be done
Install a min 4" thick concrete floor with 6 x 6 10/10 mesh and control joints every 400 sq ft	SF				
Fur out walls	SF				
Install new sump pump & pit	EA				
Replace damaged joists	EA				
Termite treatment/dry rot infestation	LS				

This portion of the work will be done by: (initial one) \_\_\_\_\_ Owner \_\_\_\_\_ Contractor \_\_\_\_\_ Subcontractor  
 \_\_\_\_\_ Required Repair \_\_\_\_\_ Permit Necessary

See Description of Materials Form HUD 92005 See Item No. \_\_\_\_\_

COMMENTS: SUB-TOTAL SECTION NO. 33 \$ \_\_\_\_\_

### 34. CLEANUP

	Unit.	\$ Cost	Qty	Total	Describe the work to be done
Remove debris from property exterior					
Remove debris from property interior including crawlspace and attic					
Broom clean floors, clean ALL windows					
Clean all plumbing, fixtures & appliances					

This portion of the work will be done by: (initial one) \_\_\_\_\_ Owner \_\_\_\_\_ Contractor \_\_\_\_\_ Subcontractor  
 \_\_\_\_\_ Required Repair \_\_\_\_\_ Permit Necessary

See Description of Materials Form HUD 92005 See Item No. \_\_\_\_\_

COMMENTS: SUB-TOTAL SECTION NO. 34 \$ \_\_\_\_\_

## 35. MISCELLANEOUS

Describe any main dwelling materials, equipment or construction liens not shown elsewhere; or to provide additional information where The space provided was inadequate. (Always reference by item number to correspond to number used on this form.)

This portion of the work will be done by: (initial one) \_\_\_\_\_ Owner \_\_\_\_\_ Contractor \_\_\_\_\_ Subcontractor

\_\_\_\_\_ Required Repair \_\_\_\_\_ Permit Necessary

See Description of Materials Form HUD 92005 See Item No. \_\_\_\_\_

COMMENTS:

SUB-TOTAL SECTION NO. 35 \$ \_\_\_\_\_

## RECAP OF SUBTOTALS

1. Masonry	\$	18. Plaster/Drywall	\$	35. Miscellaneous	\$	
2. Siding	\$	19. Decorating	\$	Subtotal Construction Costs	\$	
3. Gutters & Downspouts	\$	20. Wood Trim	\$	36. ALLOWABLE FEES		
4. Roof	\$	21. Stairs	\$		Consultant Fee	\$
5. Shutters	\$	22. Closets	\$		Plan Review Fee	\$
6. Exteriors	\$	23. Wood Floors	\$		Supp Orig Fee	\$
7. Walks	\$	24. Finished floors	\$		Prop Insp (4x50)	\$
8. Driveways	\$	25. Ceramic tile	\$		I/C Disb (4x50)	\$
9. Paint (exterior)	\$	26. Bath accessories	\$		Building Permits	\$
10. Caulking	\$	27. Plumbing	\$		Architectural – Engineer	\$
11. Fencing	\$	28. Electrical	\$		Subtotal (#36)	\$
12. Grading	\$	29. Heating	\$		37. 10-20 Percent Contingency	\$
13. Windows	\$	30. Insulation	\$		38. Monthly Payment Reserve	\$
14. Weatherstripping	\$	31. Cabinetry	\$		39. Discount on Const.	\$
15. Doors (exterior)	\$	32. Appliances	\$		Total Cost of Allowable Fees	\$
16. Doors (interior)	\$	33. Basements	\$			
17. Partition Walls	\$	34. Cleanup	\$	GRAND TOTAL	\$	

Signature and Date (Purchaser):

X \_\_\_\_\_

X \_\_\_\_\_

Signature and Date (Contractor):

X \_\_\_\_\_

Signature and Date (Fee Inspector):

X \_\_\_\_\_

# BORROWER/CONTRACTOR AGREEMENT

(SAMPLE DOCUMENT)

Loan No. \_\_\_\_\_

Borrower's Name(s):	Case No.:
_____	
Property Address:	
_____	
Borrower's Phone: Home: (    )	Work: (    )
_____	
Contractor's Name:	State of: _____ License No: _____
_____	
Address:	
_____	
Phone: (    )	
_____	

**THIS AGREEMENT**, made this date, \_\_\_\_\_, between the above mentioned Homeowner (Owner) and Contractor, is for the construction or rehabilitation of the property, indicated above, that has been approved for a loan under the Section 184 Program. The Owner shall pay the contractor the sum of \$ \_\_\_\_\_ for completion of the work, including all sales tax due by law, together with increases or decreases in the contract price as may be approved in writing by the Lender. The work will begin within 30 days of loan closing with the Lender, and will be completed by \_\_\_\_\_, unless delayed beyond the Contractor's control. The General Provisions listed below are made a part of this agreement. The contract documents consist of the architectural exhibits listed in the Construction Loan Agreement between the Owner and the Lender, or as described below (or on an attached sheet):

\_\_\_\_\_  
Owner(s) Signature(s) and Date

\_\_\_\_\_  
Contractor's Signature and Date

**1. Contract Documents:** This Agreement includes all general provisions, special provisions, and architectural exhibits that were accepted by the Lender. Work not covered by this agreement will not be required unless it is required by reasonable inference as being necessary to produce the intended result. By executing this Agreement, the contractor represents that he/she has visited the site and understands local conditions, including state and local building regulations and conditions under which the work is to be performed.

**2. Owner:** Unless otherwise provided for in the Agreement, the owner will secure and pay for necessary easements, exceptions from zoning requirements, or other actions that must precede the approval of permits for this project. If owner fails to do so then this contract is void. If the contractor fails to correct defective work or persistently fails to carry out the work in accordance with the agreement of general provisions, the owner may order the contractor in writing to stop such work, or a part of the work, until the cause for the order has been eliminated.

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**3. Contractor:** The contractor will supervise and direct the work, and the work of all subcontractors if any. He/she will use the best skill and attention and will be solely responsible for all construction methods and materials and for coordinating all portions of the work. Unless otherwise specified in the Agreement, the contractor will provide and/or pay for all labor, materials, equipment, tools, machinery, transportation, and other goods, facilities, and services necessary for the proper execution and completion of the work. The contractor will maintain order and discipline among all employees and will not assign anyone unfit for the task. The contractor warrants to the owner that all materials and equipment incorporated are new and that all work will be of good quality and free of defects or faults. The contractor will pay for building permits, other permits, fees, inspections and licenses necessary for completion of the work unless otherwise specified herein. The contractor will indemnify and hold harmless the owner from and against all claims, damages, losses expenses, legal fees or other costs arising or resulting from the contractor's performance of the work, or provisions of this section. The contractor will comply with all rules, regulations, laws, ordinances and order of any public authority of HUD's Inspector's bearing on the performance of the work. The contractor is responsible for and indemnifies the owner against acts and omissions of employees, subcontractors and their employees, or others performing the work under this Agreement with the contractor. The contractor will provide shop drawings, samples, product data or other information provided for in this Agreement, where necessary.

**4. Subcontractor:** Selected by the contractor, except that the contractor will not employ any subcontractor to whom the owner may have a reasonable objection, nor will the contractor be required by the owner to employ any subcontractor to whom the contractor has a reasonable objection.

**5. Work by Owner or Other Contractor:** The owner reserves the right to perform work related to the project, but which is not a part of this Agreement, and to award separate contracts in connection with other portions of the project not detailed in this Agreement. All contractors and subcontractors will be afforded reasonable opportunity for the storage of materials and equipment by the owner and by each other. Any costs arising by defective or ill-timed work will be borne by the responsible party.

**6. Binding Arbitration:** Claims or disputes relating to the Agreement or General Provisions will be resolved by the Construction Industry Arbitration Rules of the American Arbitration Association (AAA) unless both parties mutually agree to other methods. The notice of the demand for arbitration must be filed in writing with the other party to this Agreement and with the AAA and must be made in a reasonable time after the dispute has arisen. The award rendered by the arbitration(s) will be considered final and judgment will be entered upon it in accordance with applicable law in any court having jurisdiction thereof.

**7. Clean Up and Trash Removal:** The contractor will keep the owner's residence free from waste or rubbish resulting from the work. All waste, rubbish, tools, construction materials and machinery will be removed promptly after completion of the work by the contractor.

**8. Time:** With respect to the scheduled completion of the work, time is of the essence. If the contractor is delayed at anytime in the progress of the work by change orders, fire, labor disputes, acts of God or other causes beyond the contractor's control, the completion schedule for the work or affected parts of the work may be extended by the same amount of time caused by the delay. The contractor must begin work no later than 30 days after loan closing and will not cease work for more than 30 consecutive days.

**9. Payments and Completion:** Payments may be withheld because of: (1) defective work not remedied; (2) failure of contractor to make proper payments to subcontractors, workers or suppliers; (3) persistent failure to carry out work in accordance with this Agreement or these general conditions, or (4) legal claims. The final payment will be due after complete release of any and all liens arising out of the contract or submission of receipts or other evidence of payment covering all subcontractors or suppliers who could file such a lien. The contractor agrees to indemnify the owner against such liens and will refund all monies, including costs and reasonable attorney's fees, paid by the owner in discharging the debt. A 10 percent holdback is required by the lender to assure the work has been properly completed and there are no liens on the property.

**10. Protection of Property and Persons:** The contractor is responsible for initiating, maintaining and supervising all necessary or required safety programs. The contractor must comply with all applicable laws, regulations, ordinances, orders or laws of federal, state, county or local governments. The contractor will indemnify the owner for all property loss or damage to the owner caused by his/her employees or his/her direct or sub tier subcontractors.

**11. Insurance:** The contractor will purchase and maintain such insurance necessary to protect from claims under workers compensation and from any damage to the owners(s) property resulting from the conduct of this contract.

**12. Changes in the Contract:** The owner may order changes, additions, or modifications (using form HUD 92577) without invalidating the contract. Such changes must be in writing and signed by the owner and accepted by the lender and HUD. Not all

change order requests may be accepted by the lender, therefore, the contractor proceeds at their own risk if work is completed without an accepted change order.

**13. Correction of Deficiencies:** The contractor must correct promptly any work of his/her own or his/her subcontractors found to be defective or not complying with the terms of the contract.

**14. Warranty:** The contractor will provide a one-year warranty on all labor and materials used in the construction or rehabilitation of the property. This warranty must extend one year from the date of completion of the contract or longer if prescribed by law unless otherwise specified by other terms of this contract. Disputes will be resolved through the Construction Industry Arbitration Rules of the American Arbitration Association.

**15. Termination:** If the owner fails to make a payment under the terms of this Agreement, through no fault of the contractor, the contractor may, upon ten working days written notice to the owner, and if not satisfied, terminate this Agreement. The owner will be responsible for paying the contractor for all work completed.

If the contractor fails to or neglects to carry out the terms of the contract, the owner, after ten working days written notice to the contractor, may terminate this Agreement. The owner may finish the job by whatever reasonable method the owner deems expedient. If the cost of completion exceeds the contract balance, the difference, as well as reasonable attorney's fees if necessary, will be paid to the owner by the contractor.

## SELF-HELP AGREEMENT

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Borrower's Name(s):	184 Case No.		
Property Address:	City:	State:	Zip:
Telephone Number: Work: (    )	Home: (    )		

I hereby certify that I have the time, skills, the tools, and the resolve to complete all items identified on the plans and specifications and work writeup to be completed by me in a professional and timely manner. The quality of the workmanship and materials will be at or above those specified in the work writeup and plans/specifications. Should the quality of the work and/or the materials be unacceptable to the lender approved inspector, I agree that the work will be redone and/or the materials replaced at my own cost.

I further certify that I have, on my own, reviewed the plans and specifications and the cost estimates and that I have made contact with various contractors and/or subcontractors for those portions of the construction job that are necessary to let out for contract. I have personally made an investigation of my selected contractor's workmanship, capacity to complete my job in a timely manner, and have on my own, selected the contractor(s) who will complete the construction of this project. I understand that if my contractor's costs increase over and above this initially approved amount, and if increases will not be covered by executed and approved change orders with funding from my contingency account, I have the funds necessary to pay the contractor and complete the job.

I further agree that I will furnish such excess funds directly to the lender to be placed in the contingency reserve account for my use. I agree that these funds will remain irrevocably committed to this project and may not be withdrawn for any other purposes. Upon the completion of this project, any funds remaining in this contingency reserve account will be returned to me if I placed the funds into the account, otherwise, the money will be paid down on the mortgage principal or used to make additional improvements to the property.

I further certify that I will complete this job within the contract period as set forth in the Construction Loan Agreement. I understand that for all payments a 10 percent holdback (retainage) will be withheld and will be returned after final completion after the Lender determines that no liens will be placed on the property.

I further certify that I will provide paid receipts and lien waivers for specific identifiable items when requested by the lender. I understand that I can only request a draw inspection for the actual cost of construction and that any savings can be used to make further improvements to the property.

I further certify that NO ESCROWED FUNDS WILL BE USED TO PAY FOR MATERIALS STORED ON SITE OR IN ANY OTHER LOCATION, except for purchase orders for kitchen/bath cabinetry and finish flooring. I agree that disbursement of any monies may be made only AFTER the work has been installed, completed, inspected, and approved by the inspector.

I agree that if I make any changes to the work write-up document as approved and made a part of the Construction Loan Agreement, I will secure a written and approved change order PRIOR TO THE CHANGE, using form HUD 92577. I understand that any work completed prior to the acceptance of the change order will be at my own risk and that I may have to pay for the work out of my own funds.

I will secure all required (City/State/County/Tribal) permits prior to starting construction and to hold HUD and the Lender harmless for all actions of myself and my contractor, subcontractors and/or suppliers on this job. I also understand that all payment(s) are subject to inspection and approval by the approved inspector.

I agree to obtain a Hazard Insurance Policy to insure against fire, windstorm, hail and other extended coverage (also known as Builders Risk Policy, HO, Rental Dwelling Insurance Policy) in the amount equal to or greater than the total of all financing sources and have provided or will provide a copy of the insurance policy and paid receipt to the Lender. I also agree to obtain a Liability Policy if the above listed policies do not provide such coverage for injury, death, etc. to other (non worker) persons who may enter onto the job site.

I also agree to obtain a Certificate of Insurance of any subcontractor(s) for workman's compensation, which at a minimum will provide liability coverage for any persons working at this project.

I now wish to proceed with this job on my own as above described and in compliance with the accepted architectural exhibits. I agree to secure proper insurance verification from all contractors and/or subcontractors and I further certify that all contracts are strictly between myself and my contractors, subcontractors, and/or suppliers, and I hereby hold HUD and the Lender harmless from any problems whatsoever that might develop between myself and my contractors, subcontractors, and/or suppliers. If I wish further assurances and/or warranties from the workmen or the suppliers, I will secure them prior to payout.

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Signed as of the Date Shown Below:

Borrower: \_\_\_\_\_ Co-Borrower \_\_\_\_\_

Witness: \_\_\_\_\_ Date: \_\_\_\_\_

# Builder's Certification of Plans, Specifications, & Site

U.S. Department of Housing  
and Urban Development  
Office of Housing  
Federal Housing Commissioner

OMB Approval No. 2502-0496  
(exp. 08/31/2012)

Property Address (street, city, State, & zip code)	Subdivision Name
Mortgagee's (Lender's) Name & Address (this is the lender who closed the loan)	FHA Case Number
	Phone Number

**1. Site Analysis Information:** To be completed on all proposed and newly constructed properties regardless of LTV ratio.

- a. **Flood Hazards.** Are the property improvements in a Special Flood Hazard Area (SFHA)?  Yes  No
- 1) Provide the community number and date of the Flood Insurance Rate Map (FIRM) used to document your answer. Community Number \_\_\_\_\_ Map Date \_\_\_\_\_
- 2) Is the community participating in the National Flood Insurance Program and in good standing?  Yes  No
- 3) If "Yes" to 1a. above, attach:  
 (i) a Letter of Map Amendment (LOMA) or;  
 (ii) a Letter of Map Revision (LOMR) or;  
 (iii) a signed Elevation Certificate documenting that the lowest floor (including basement) is built in compliance with 24 CFR 200.926d(c)(4).
- b. **Noise.** Is the property located within 1000 feet of a highway, freeway, or heavily traveled road?  Yes  No  
 Within 3000 feet of a railroad?  Yes  No  
 Within one mile of a civil airfield or 5 miles of a military airfield?  Yes  No
- c. **Runway Clear Zones / Clear Zones.** Is the property within 3000 feet of a civil or military airfield?  Yes  No  
 If "Yes," is the property in a Runway Clear Zone / Clear Zone?  Yes  No
- d. **Explosive /Flammable Materials Storage Hazard.** Does the property have an unobstructed view, or is it located within 2000 feet, of any facility handling or storing explosive or fire prone materials?  Yes  No
- e. **Toxic Waste Hazards.** Is property within 3000 feet of a dump or landfill, or a site on an EPA Superfund (NPL) list or equivalent State list?  Yes  No
- f. **Foreseeable Hazards or Adverse Conditions.**
- (1) Does the site have any rock formations, high ground water levels, inadequate surface drainage, springs, sinkholes, etc.?  Yes  No  
 (2) Does the site have unstable soils (expansive, collapsible, or erodible)?  Yes  No  
 (3) Does the site have any excessive slopes?  Yes  No  
 (4) Does the site have any earth fill?  Yes  No  
 If "Yes," will foundations, slabs, or flatwork rest on the fill?  Yes  No

If you marked "Yes" to any of the above questions in f, please attach a copy of the State licensed engineers' (soils and structural) reports, designs, and/or certifications showing compliance with HUD requirements to ensure the structural soundness of the improvements and the health and safety of the occupants. Refer to HUD Handbook 4145.1 and FHA Data Sheet 79g.

**Complete this section when seeking eligibility for Maximum Loan-to-Value Financing.** Items 2 and 3 must be checked.

2.  HUD Minimum Property Standards in the Code of Federal Regulations at 24 CFR 200.926d.
3.  HUD Handbook 4145.1, Architectural Processing & Inspections for Home Mortgage Insurance, including Appendix 8, Site Grading & Drainage Guideline.
4.  Local/State Code Applicable Provisions
- 
5.  CABO One- and Two-Family Dwelling Code, as listed in 24 CFR 200.926b.
6.  CABO 1992 Model Energy Code
7.  Electrical Code for One- and Two-Family Dwellings, as listed in 24 CFR 200.926b. (current edition; NFPA 70A/1984).
8.  This is a manufactured (mobile) home and was constructed in accordance with the Federal Manufactured Home Construction & Safety Standards (FMHCS). The label on the manufactured home shows compliance with the FMHCS. I hereby certify that the plans and specifications for all other construction (i.e., site, foundation) comply with the applicable building code or HUD requirement listed above, including para. 3-4, Handbook 4145.1, and the Permanent Foundations Guide for Manufactured Housing.

**Builder or Builder's Agent:** I hereby certify that the site analysis information above is true and accurate to the best of my knowledge and belief and that the plans and specifications were designed to mitigate any foreseeable hazards or adverse conditions. On all properties eligible for maximum LTV financing, I further certify that I have personally reviewed the plans, specifications, and site information submitted herewith. Based upon my review, I hereby certify that such plans, specifications comply with the applicable building code specified above as well as complying with the HUD construction requirements listed above. An "X" marked in the blank by each numbered item indicates that provisions from the marked code apply.

9 a. Name of Builder's Company or Builder's Agent (type or print)	10 a. Name & Title of Builder or Builder's Agent (type or print)
b. Street Address	b. Signature of Builder or Builder's Agent <span style="float:right">Date (mm/dd/yyyy)</span>
c. City, State, & Zip Code	c. Telephone Number (include area code)

11. **Affirmative Fair Housing Marketing Plan (AFHMP)** Did you sell five (5) or more houses in the last twelve (12) months or do you intend to sell five (5) or more houses within the next twelve (12) months with HUD mortgage insurance?  Yes  No

If "Yes," check either a, b, c, or d below.

- a.  I am a signatory in good standing to a Voluntary Affirmative Marketing Agreement (VAMA).
- b.  I have an AFHMP which HUD approved on (mm/dd/yyyy) \_\_\_\_\_.
- c.  I have a contract with \_\_\_\_\_ to market this house.
- d.  I certify that I will comply with the following: (a) Carry out an affirmative program to attract all minority and majority groups to the housing for initial sale or rental. Such a program shall typically involve publicizing to minority persons the availability of housing opportunities regardless of race, color, religion, sex, handicap, familial status or national origin, through the type of media customarily utilized by the applicants; (b) Maintain a nondiscrimination hiring policy in recruiting from both minority and majority groups; (c) Instruct all employees and agents in writing and orally in the policy of nondiscrimination and fair housing; (d) Conspicuously display the Fair Housing Poster in all Sales Offices, include the Equal Housing Opportunity logo, slogan and statement in all printed material used in connection with sales, and post in a prominent position at the project site a sign which displays the Equal Opportunity logo, slogan or statement, as listed in 24 CFR 200.620 and appendix M to part 200. I understand that I am obliged to develop and maintain records on these activities, and to make them available to HUD upon request.

**Builder:** I hereby certify that the site analysis information is true and accurate to the best of my knowledge and belief. On all properties eligible for maximum LTV financing, I further certify that the plans and specifications submitted herewith have been reviewed by the individual signing above and that the individual has the knowledge and experience necessary to determine whether such plans and specifications comply with the HUD/FHA requirements set forth at 24 CFR 200.926d and with other applicable HUD requirements as determined in accordance with 24 CFR 200.926(d)(1) and (2). Any subsequent changes to these plans and specifications shall comply with the aforementioned requirements. Upon sale or conveyance of the property, the undersigned will promptly furnish to lender a Warranty of Completion of Construction, form HUD-92544 on all properties eligible for maximum LTV financing.

12 a. Name of Builder's Company (type or print)	13 a. Name & Title of Builder (type or print)
b. Street Address	b. Signature of Builder <span style="float: right;">Date (mm/dd/yyyy)</span>
c. City, State, & Zip Code	c. Telephone Number (include area code)

**Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 100 1012; 31 U.S.C. 3729, 3802).

This form must be complete and legible and must be reproduced to include both sides of the document.

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

Executive Order 11988 and HUD environmental regulations (24 CFR Part 51) require builders who build newly constructed properties to ensure that the property is not affected by: flood hazards, noise, runway clear zones, explosive/flammable materials storage hazards, toxic waste hazards, and other foreseeable hazards that may affect the site. HUD requires this information to determine whether the site/location factors would adversely affect the dwelling or homeowner. A response is required whenever a builder builds new properties. Confidentiality is not applicable.

## Instructions for Builder's Certification, form HUD-92541

To obtain maximum loan to value financing (high ratio loan) for a new property, a builder must:

- a. Become a certified builder in accordance with HUD requirements and certify that the plans and specifications for the home meet HUD requirements prior to the beginning of construction; or
- b. Have the plans and specifications for the home approved by HUD prior to the start of construction; or
- c. Provide a HUD accepted ten year protection (warranty) plan.

If the property is eligible for maximum loan to value financing on the basis of a, b, or c above, then the builder must complete Items 1 - 12 on this form. The builder or its agent may complete Items 9 and 10.

If the builder does not meet the criteria listed above for maximum loan to value financing, then the loan to value financing will be limited to 90 percent (low ratio loan). For these cases, the builder must complete Items 1, 9 and 10 on this form. The builder, not the builder's agent, must complete Items 9 and 10.

**Item 1. Site Analysis:** All builders must answer all the questions in this item even when the improved area procedure is required. An addendum may be added, if necessary, to provide a full explanation about any of the site conditions listed.

- a. **Flood Hazards:** HUD prohibits new construction in Special Flood Hazard Areas unless there is a Letter of Map Amendment (LOMA), a Letter of Map Revision (LOMR), or an Elevation Certificate in accordance with 24 CFR 200.926d(c)(4) provided to the lender.
- b. **Noise:** Self-explanatory.
- c. **Runway Clear Zones/Clear Zones:** If the property is located in a Runway Clear Zone / Clear Zone, the lender must require, as a condition of borrower approval, that the borrower will sign a statement acknowledging receipt of the notification required by 24 CFR 51.303(a)(3).
- d. **Explosive/Flammable Materials Storage Hazard:** Self-explanatory.
- e. **Toxic Waste Hazards:** Self-explanatory.
- f. **Foreseeable Hazards or Adverse Conditions:** Self-explanatory.

**Items 2 - 8:** If the lender desires the property to be eligible for maximum financing (a high-ratio loan), the certified builder/certified builder's agent **must** complete these items as follows:

- 2. & 3.** Place an "X" in the box in Items 2 and 3. The certified builder must complete Items 4 thru 8 as follows:
  - 4.** The local/State code in Item 4 is the HUD accepted code for a locality as identified by a mortgagee from a list provided by HUD.
    - a. A "fully accepted code" is indicated by placing a "X" in the first space, identifying the code in the second space and placing the word "All" after "Applicable Provisions."
    - b. A "partially acceptable code" is indicated by naming the unacceptable portion as shown in the example: "All except materials standards."

The additional requirements needed from the Table in 24 CFR 200.926c, to supplement a partially acceptable local code, must be shown in Item 4.

If a local code has been changed since last accepted by HUD, a builder is required to submit for HUD review, a copy of such changes to the Code. Include all applicable service codes, appendices, and a copy of the statute, ordinance, regulation or ordinance making such changes.

- 5.** When the whole CABO Code is used as the HUD referenced code in jurisdictions with "no code" or an "unacceptable code," place an "X" in the box in Item 5 and place the word "All" in the space.

**6.** Place an "X" in the box on line 6, because builders must comply with this energy code.

**7.** Place an "X" in the box on line 7, because the Electrical Code for One and Two Family Dwellings, NFPA 70A/1984 is required in conjunction with the CABO Code.

**8.** If the dwelling is a manufactured (mobile) home, place an "X" in the box in Item 8. Properly complete lines 4 through 7 for all "foundation and site work."

**Items 9 & 10.** The builder or the builder's agent must complete and sign these items. If the builder's agent completes and signs these items the builder's agent is certifying that builder's agent has the knowledge and experience to determine whether the plans and specifications comply with HUD/FHA requirements set forth in 24 CFR 200.926d and with other applicable HUD requirements in 24 CFR 200.926(d)(1) and (2). The builder's agent is further certifying that the information about the site is accurate to builder's agent's best knowledge and belief.

**Item 11.** If a builder has sold or intends to sell five (5) or more newly constructed properties within a twelve (12) month period, the builder is required to have one of the following:

- a. Be in good standing to a Voluntary Affirmative Marketing Agreement (VAMA); or
- b. Have a HUD approved Affirmative Fair Housing Marketing Plan (AFHMP); or
- c. Have a contract with a Marketing Agent to implement its approved AFHMP; or a contract with a Marketing Agent with signatory to a National Association of Realtors VAMA; or
- d. Certify to the requirements which are hereby listed, taken from 24 CFR 200.620.

**Items 12 & 13.** The builder must complete and sign Items 12 and 13. The certification is self-explanatory. All changes to the original form must be initialed and dated by the builder.

### Appraiser / Direct Endorsement Lender's Responsibility

**Fee Appraiser / Direct Endorsement Staff Appraiser.** The fee appraiser / DE staff appraiser must receive a fully executed form HUD-92541 before performing the appraisal on proposed or under construction properties or properties less than one year old.

The appraiser must review Item 1 and note in the Appraisal Report any discrepancies between the information in Item 1 and the actual conditions observed on site. The appraiser must take into consideration the effects of any site conditions on the value of the property.

**Direct Endorsement Underwriter.** The DE Underwriter must review the Appraisal Report and the Builder Certification as part of the underwriting process, taking into consideration the effect of any site conditions on the value of the property. Page 1 of this form must be complete and legible. Only the builder or the builder's agent is authorized to complete or change this form. The DE Underwriter cannot change and/or modify this certification form.

### MCRV/CRV Submissions

Form HUD-92541 is required on all newly constructed properties and must be in the HUD Case Binder on all conversions from VA.

# Schedule of Amounts for Contract Payments

U.S. Department of Housing and Urban Development  
Office of Public and Indian Housing

OMB Approval No. 2577-0157  
(Exp. 12/31/2011)

No progress payments shall be made to the contractor unless a schedule of amounts for contract payments in accordance with the construction contract is received.

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

Construction practices and HUD administrative requirements establish the need that HAs maintain certain records or submit certain documents in conjunction with the oversight of the award of construction contracts for the construction of new low-income housing developments or modernization of existing developments. These forms are used by HAs to provide information on the construction progress schedule and schedule of amounts for contract payments. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality.

Project Name and Location	Project Number
---------------------------	----------------

Name, Address, and Zip Code of Contractor
---

Nature of Contract	Contract Number
--------------------	-----------------

Approved for Contractor by	Title	Date (mm/dd/yyyy)
----------------------------	-------	-------------------

Approved for Architect by	Title	Date (mm/dd/yyyy)
---------------------------	-------	-------------------

Approved for Owner by	Title	Date (mm/dd/yyyy)
-----------------------	-------	-------------------

Item No. (1)	Description of Item (2)	Quantity (3)	Unit of Measure (4)	Unit Price in Place (5)	Amount of Sub-Item (6)	Amount of Principal Item (7)

<b>Total Amount of Contract or Carried Forward</b>	\$
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To the best of my knowledge, all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.  
**Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Signature of authorized representative	Date signed (mm/dd/yyyy)
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## Instructions for Preparation of form HUD-51000

1. A separate breakdown is required for each project and prime contract instructions for preparation are given below.
  - a. **Heading.** Enter all identifying information required for both forms.
  - b. **Columns 1 and 2.** In column 1, enter the item numbers starting with No. 1, and in column 2 enter each principal division of work incorporated in the contract work.
    - (1) **Master List.** The Master list contains the basic items into which any construction contract may be subdivided for the purpose of preparing the Construction Progress Schedule and the Periodical Estimates for Partial Payments. Only those items shall be selected which apply to the particular contract. To ensure uniformity, no change shall be made in the item numbers. Generally, about 25 to 40 major items appear in a contract.
    - (2) **Items Subdivided.** In the Contractor's breakdown, against which all periodical estimates will be checked prior to payment, each major item must be subdivided into sub-items pertinent to the project involved and in agreement with the Contractor's intended basis for requesting monthly payments.
  - c. **Column 3.** Enter the total quantity for each sub-item of each principal division of work listed in the breakdown.
  - d. **Column 4.** Enter the appropriate unit of measure for each sub-item of work opposite the quantities described in column 3, such as "sq. ft.," "cu. yd.," "tons," "lb.," "lumber per M/BM," "brickwork per M," etc., applicable to the particular sub-item. Items shown on "lump sum" or equivalent basis will be paid for only on completion of the whole item and not on a percentage of completion basis.
  - e. **Column 5.** Enter the unit price, in place, of each sub-item of work.
  - f. **Column 6.** Enter the amount of each sub-item obtained by multiplying the quantities in column 3 by the corresponding unit prices in column 5.
  - g. **Column 7.** Enter the amount of principal item only, obtained by adding the amounts of all sub-items of each principal division of work listed in column 6. Continue with the breakdown on form HUD-51000.
  - h. The "Schedule of Amounts for Contract Payments" shall be signed and dated in the space provided at the bottom of each sheet of the form by the individual who prepared the breakdown for the Contractor.
2. The minimum number of copies required for each submission for approval is an original and two copies. When approved, one fully approved copy will be returned to the Contractor.

### Master List of Items

Item No.	Division of Work	Item No.	Division of Work	Item No.	Division of Work
1	Bond	20	Rough Carpentry		
2	General Conditions \1	21	Metal Bucks	44	Retaining Walls
3	Demolition & Clearing	22	Caulking	45	Storm Sewers
	<b>Structures</b>	23	Weatherstripping	46	Sanitary Sewers
4	General Excavation	24	Lath & Plastering-Drywall	47	Water Distribution System
5	Footing Excavation	25	Stucco	48	Gas Distribution System
6	Backfill	26	Finish Carpentry	49	Electrical Distribution System
7	Foundation Piles & Caissons	27	Finish Hardware	50	Street & Yard Lighting
8	Concrete Foundations	28	Glass & Glazing	51	Fire & Police Alarm System
9	Concrete Superstructures	29	Metal Doors	52	Fire Protection System
10	Reinforcing Steel	30	Metal Base & Trim	53	Street Work
11	Waterproofing & Dampproofing	31	Toilet Partitions	54	Yard Work
12	Spandrel Waterproofing	32	Floors	55	(Other)
13	Structural Steel	33	Painting & Decorating	56	(Other)
14	Masonry	34	Screens		
15	Stonework	35	Plumbing		<b>Equipment</b>
16	Miscellaneous & Ornamental Metal	36	Heating	57	Shades & Drapery Rods
17	Metal Windows	37	Ventilating System	58	Ranges
18	Roofing	38	Electrical	59	Refrigerators
19	Sheet Metal	39	Elevators	60	Kitchen Cabinets & Work Tables
		40	Elevator Enclosures—Metal	61	Laundry Equipment
		41	Incinerators—Masonry & Parts	62	(Other)
		42	(Other)		
		43	(Other)	63	<b>Punch List \2</b>
				64	Lawns & Planting

1 General Conditions should be 3% to 5% of contract amount.

2 Punch List should be approximately 1/2 of 1% or \$30 per dwelling unit, whichever is greater.

# Periodic Estimate for Partial Payment

**U.S. Department of Housing and Urban Development**  
Office of Public and Indian Housing

OMB Approval No. 2577-0157  
(exp. 12/31/2011)

Submit original and one copy to the Public Housing Agency.  
Complete instructions are on the back of this form.

Public reporting burden for this collection of information is estimated to average 3.5 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

This information is collected under the authority of Section 6(c) of the U.S Housing Act of 1937 and HUD regulations. HAs are responsible for contract administration to ensure that the work for project development is done in accordance with State laws and HUD requirements. The contractor/subcontractor reports provide details and summaries on payments, change orders, and schedule of materials stored for the project. The information will be used to ensure that the total development costs, identified in the ACC, are kept as low as possible and consistent with HUD construction requirements. Responses to the collection are necessary to obtain a benefit. The information requested does not lend itself to confidentiality.

Name of Public Housing Agency	Periodic Estimate Number	Period From (mm/dd/yyyy) To (mm/dd/yyyy)
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Location of Project	Project Number
---------------------	----------------

Name of Contractor	Contract Number
--------------------	-----------------

Item Number (1)	Description of Item (2)	Completed to Date (3)
		\$

<b>Value of Contract Work Completed to Date (Transfer this total to line 5 on back of this sheet)</b>	<b>\$</b>
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**Instructions**

**Headings.** Enter all identifying data required. Periodic estimates must be numbered in sequence beginning with the number 1.

**Columns 1 and 2.** The "Item Number" and "Description of Item" must correspond to the number and descriptive title assigned to each principal division of work in the "Schedule of Amounts for Contract Payments", form HUD-51000.

**Column 3.** Enter the accumulated value of each principal division of work completed as of the closing date of the periodic estimate. Enter the total in the space provided.

**Certifications.** The certification of the contractor includes the analysis of amounts used to determine the net balance due. In the first paragraph, enter the name of the Public Housing Agency, the contractor, and the date of the contract. Enter the calculations used in arriving at the "Balance Due This Payment" on lines 1 through 16.

Enter the contractor's name and signature in the certification following line 16.

The latter portion of this certification relating to payment of legal rates of wages, is required by the contract before any payment may be made. However, if the contractor does not choose to certify on behalf of his/her subcontractors to wage payments made by them, he/she may modify the language to cover only himself /herself and attach a list of all subcontractors who employed labor on the site during the period covered by the Periodic Estimate, together with the individual certifications of each.

**Certification of the Contractor or Duly Authorized Representative**

According to the best of my knowledge and belief, I certify that all items and amounts shown on the other side of this form are correct; that all work has been performed and material supplied in full accordance with the items and conditions of the contract between the (name of owner)

\_\_\_\_\_ and (contractor) \_\_\_\_\_

dated (mm/dd/yyyy) \_\_\_\_\_, and duly authorized deviations, substitutions, alterations, and additions; that the following is a true and correct statement of the Contract Account up to and including the last day of the period covered by this estimate, and that no part of the "Balance Due This Payment" has been received.

1. Original Contract Amount \$ \_\_\_\_\_

**Approved Change Orders:**

2. Additions (Total from Col. 3, form HUD-51002) \$ \_\_\_\_\_  
 3. Deductions (Total from Col. 5, form HUD-51002) \$ \_\_\_\_\_ (net) \$ \_\_\_\_\_  
 4. Current Adjusted Contract Amount (line 1 plus or minus net) \$ \_\_\_\_\_

**Computation of Balance Due this Payment**

5. Value of Original Contract work completed to date (from other side of this form) \$ \_\_\_\_\_

**Completed Under Approved Change Orders**

6. Additions (from Col. 4, form HUD-51002) \$ \_\_\_\_\_  
 7. Deductions (from Col.5, form HUD-51002) \$ \_\_\_\_\_ (net) \$ \_\_\_\_\_  
 8. Total Value of Work in Place (line 5 plus or minus net line 7) \$ \_\_\_\_\_  
 9. **Less:** Retainage, \_\_\_\_\_ % \$ \_\_\_\_\_  
 10. Net amount earned to date (line 8 less line 9) \$ \_\_\_\_\_  
 11. **Less:** Previously earned (line 10, last Periodic Estimate) \$ \_\_\_\_\_  
 12. Net amount due, work in place (line 10 less line 11) \$ \_\_\_\_\_

**Value of Materials Properly Stored**

13. At close of this period (from form HUD-51004) \$ \_\_\_\_\_  
 14. **Less:** Allowed last period \$ \_\_\_\_\_  
 15. Increase (decrease) from amount allowed last period \$ \_\_\_\_\_  
 16. **Balance Due This Payment** \$ \_\_\_\_\_

I further certify that all just and lawful bills against the undersigned and his/her subcontractors for labor, material, and equipment employed in the performance of this contract have been paid in full in accordance with the terms and conditions of this contract, and that the undersigned and his/her subcontractors have complied with, or that there is an honest dispute with respect to, the labor provisions of this contract.

Name of Contractor	Signature of Authorized Representative	Title	Date (mm/dd/yyyy)

**Certificate of Authorized Project Representative and of Contracting Officer**

Each of us certifies that he/she has checked and verified this Periodic Estimate No. \_\_\_\_\_; that to the best of his/her knowledge and belief it is a true statement of the value of work performed and material supplied by the contractor; that all work and material included in this estimate has been inspected by him/her or by his/her authorized assistants; and that such work has been performed or supplied in full accordance with the drawings and specifications, the terms and conditions of the contract, and duly authorized deviations, substitutions, alterations, and additions, all of which have been duly approved.

We, therefore, approve as the "Balance Due this Payment" the amount of \$ \_\_\_\_\_.

Authorized Project Representative	Date (mm/dd/yyyy)	Contracting Officer	Date (mm/dd/yyyy)

**Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

# SAMPLE DRAW REQUEST

U.S. Department of Housing and Urban Development

Section 184 Indian Housing Loan Guarantee Program

Borrowers Name & Property Address:

Lenders Name & Address:

This Draw Number                  Date:

Construction Item	Total Escrow	Previous Draw (1)	Request for This Draw (2)	Total of Column (1) & (2)	Accepted Amounts Due
Well Drilling/Permits/Equipment					
Excavation/Site Preparation					
Foundation/Slab					
Modular Delivered					
Affixed to Foundation					
Foundation Damp Proofed					
Backfilled					
Septic					
Plumbing Hookup					
Electrical Hookup					
Heating System					
Finished Grading					
Finished Landscaping					
Exterior steps/porches/decks					
Gutters/Downspouts					
Driveway/Walkway					
Appliances					
Masonry					
Siding					
Roof					
Shutters					
Paint (exterior/interior)					
Caulking					
Fencing					
Grading					
Windows					
Weather Stripping					
Doors (Exterior/Interior)					
Partition Walls					
Plaster/Drywall					
Decorating					
Wood Trim					



# HUD Handbook 4150.2- Appendix C, APPRAISAL OF SINGLE FAMILY HOMES ON NATIVE AMERICAN LANDS

## C-1 OVERVIEW

For purposes of this appraisal guidebook, if a lender specifically needs an appraisal under HUD/FHA's Section 248 program on Tribal Trust land or for HUD's Office of Native American Program (HUD/ONAP) Section 184 on Tribal Trust, allotted (which is also known as individual trust) and fee simple lands, these guidelines will apply. If the property is on allotted (or individual) trust or fee simple land located on Native American Reservations and it will be mortgaged under HUD/FHA's Section 203(b), the appraiser must use the basic appraisal methodology addressed in this handbook.

Within designated Native American Reservations, treaties and tribal laws have created a variety of ownership patterns. Some parcels may be unrestricted fee simple, other parcels restricted tribal trust or allotted trust land. The appraiser must be familiar with the different restrictions and develop a reasonable value for the subject property. Following are the general designations.

## C-2 PROPERTY RIGHTS APPRAISED

### A. FEE SIMPLE UNRESTRICTED

Fee simple unrestricted ownership is ownership real property which may be bought, sold and transferred between Native American or non-Native American purchasers without review by the Tribe or Bureau of Indian Affairs, (BIA). For the HUD/FHA Section 203(b) program, appraisals must conform to all other standard HUD appraisal policies. For the HUD/ONAP Section 184 program, fee simple land on a reservation, the procedures utilized for tribal trust and allotted trust may be followed.

### B. TRIBAL TRUST LANDS

1. Restricted Trust Land is land held by an individual Indian or Tribe which is subject to Federal restriction against alienation or encumbrance. Before any lien can be placed against restricted land, the transaction must be approved by the Bureau of Indian Affairs (BIA). All HUD loans must comply with this requirement and provide evidence in the HUD loan file. Lenders are encouraged to make contact with the appropriate BIA and Tribal realty officers early in the loan processing.

Tribal trust lands are held in trust for the tribe by the United States government. Tribes may lease portions of the tribal trust land for the use of specific individuals, but ownership, through the Federal trust, remains with the tribe.

HUD/FHA's Section 248 insures mortgages and HUD/ONAP's Section 184 guarantees mortgages on homes that are located on Native American Tribal Trust Land. For these properties, leased ownership of the underlying land remains with the tribe and will be subject to a long-term 50-year ground lease (or a 25 year lease with a 25 year renewable term). Determining the value for the leasehold estate is the purpose of the appraisal and the subsequent use is to provide supporting documentation for a HUD insured or guaranteed mortgage. Mortgages on tribal trust sites must include an acceptable lease signed by the mortgagor and Tribal authority and approved by the BIA.

2. Allotted (or individual) Trust Land is land owned by individual tribal members but held in trust by the United States government. It is common for allotted trust lands to be owned by several individuals. If a prospective borrower proposes to use all or a portion of a fractionated property, all other owners must indicate acceptance of this arrangement by becoming parties to the mortgage or subdividing the subject parcel out to the individual for undivided ownership.

Mortgages on allotted (or individual) trust sites do not involve a lease, but a specific mortgage rider is required. All HUD loans must have a Deed of Trust Rider attached approving the mortgage pursuant to 25 USC 483 (a) and approved by the BIA.

HUD/ONAP's Section 184 guarantees mortgages on allotted trust land. Allotted trust land is held in trust by the federal government for individual Native Americans. The land is owned by the individual and value is given for the land. When appraising allotted trust land for Section 184, appraisers may follow the method given for Tribal Trust Land.

HUD/FHA insures mortgages on homes that are located on allotted trust land under Section 203(b). The appraiser can use this data for background information, but must use the typical appraisal practices for FHA Section 203 addressed in Chapters 3 and 4 of this handbook.

The appraiser must perform the complete appraisal process according to current USPAP and HUD/FHA standards. This includes consideration of all applicable approaches to value and complete development of all applicable approaches, as identified herein.

### C-3 APPROACHES TO VALUE

The appraiser must be familiar with the different restrictions and develop the appropriate value for the subject property. The supply of comparable sales and rental transactions vary by site and by tribes. Until sufficient sales exist on a reservation or within the specific Native American area to provide a reasonable sales comparison approach for determining the value of tribal trust leaseholds or allotted land sales, the appraiser must rely on other value indicators. The appraisal process must be documented more thoroughly than a typical market appraisal. USPAP Standards #1 and #2 are effective to allow the appraiser to "correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal." And "in reporting the results of a real property appraisal an appraiser must communicate each analysis, opinion and conclusion in a manner that is not misleading." An appraisal on trust land may rely more on the cost approach, or data developed from other tribes. HUD will accept the report if the appraiser has documented the search, information developed and conclusions clearly for the intended users to understand.

#### A. Cost Approach

The cost approach is often the primary indication of value based on the unique nature of the reservation setting. In conjunction with the completion of this approach on tribal trust sites, the value of the site as vacant does not apply. On the cost approach addenda to the URAR the value of the site is zero or a small leasehold value. If the land lease is at market and there was no upfront payment the lease-fee value is equivalent to the leasehold value, which is zero. This is the typical scenario and no value exists for the underlying land. The appraiser should enter the statement "subject is on Tribal Trust Land with annual rent not capitalized" in comments. If a market exists and the land was purchased, the value is estimated via traditional methods.

##### 1. New Construction

Due to the flexibility allowed by law, HUD permits the inclusion of development costs for new construction, which can exceed market value, to be used in both section 248 and Section 184. Following are instructions specific to new construction on tribal lands. The basic appraisal methodology is addressed in Chapter 4 of this handbook.

In addition to including the cost of water, septic, and any other on-site costs in the cost approach, for lands within the reservation, the appraiser may provide an allowance for off-site development costs. The lesser of actual pro-rated costs or up to 15% of the cost of the construction of the subject house may be added for off-site infrastructure associated with development of the subject lot. This policy applies principally to new construction where such charges are assessed by tribally approved entities such as housing entities or housing authorities, or agreements with other federal or local government bodies for providing power, utilities, sewer/water and/or road construction. The costs to bring utilities; including public water, sewer, electricity, and telephone represent significant development costs. The traditional tract development of residential homes may not be a part of the local culture. Therefore, the utility costs to hook-up to any form of a public system in a more rural area can exceed local standards.

In remote areas, the construction costs in the Marshall & Swift guide or related cost manuals may have to be adjusted for transportation, labor or other costs not included in the basic estimate. Architect fees are not typically reflected in the base building costs. Due to special circumstances the normal allocation for this fee may not automatically reflect the above actual cost. The appraiser must provide a supporting explanation in the adjustments to the construction costs.

## 2. Existing Construction

Where market sales are limited, HUD requires the cost approach to be completed on all tribal trust appraisals, including a credible estimate of depreciation.

## B. Sales Comparison Approach

Native American communities are developing economies at varying rates and degrees. It is important for the lender and HUD to understand the economic factors which affect value. Therefore the appraiser must communicate the local tribal housing market. The sales comparison approach will generally be completed, and in remote areas may involve sales up to 18 months old. Where no credible comparables are available, a narrative justification that discusses the market, and provides any sales, rental or vacancy information pertinent to the subject will be acceptable to support value developed from the cost approach. In addition to the typical data sources the appraiser may obtain sales information from the local tribal or Bureau of Indian Affairs (BIA) realty office. Sales from other reservations within the region may be considered. Each situation will have unique factors and the appraiser should explain deviations from the sales comparison approach instructions outlined in Chapter 4 of this Handbook. The order of selection preferences for sales would depend on the type of land being appraised.

- Tribal Trust Leasehold sales (market sales between tribal members)
- Sales of allotted land trust between tribal members
- Fee Simple within the Reservation (residual value of the improvements by adjusting out the land contribution)
- Fee Simple proximate to the Reservation

For comparable sales that include land value, an adjustment is required to back-out the raw land value. This adjustment is required when comparing a fee simple comparable sale to a Native American trust sale transaction.

Enter adjustments on the form under "Other" and label as "Raw Land Value," which is determined separately for each of the comparable sales.

## C. Income Approach

The income approach is generally not developed with regard to Native American Trust Land. If the property includes a rental unit(s), the appraiser must provide an estimate of monthly rent for each unit and note whether or not the rent is limited to the tribal sub-market. If the appraiser determines that this approach is justified, the appraiser should complete the income approach according to the specifications outlined in Chapter 4 of this Handbook.

## D. Reconciliation of Value

The appraiser must determine the market value for the restricted trust properties from the limited data available. Value determination on trust land is an exception to typical HUD/FHA instructions; value is not limited to the lower of cost or market. Where market information is limited, greater weight may be given to the replacement cost approach. Document the decision process and the value.

## C-4 HUD/FHA REQUIREMENTS

On loans involving restricted trust land, with either Section 184 or Section 248, HUD waives the requirement of a strict interpretation of market value and will accept loans based on the above market cost approach. All other HUD health, safety, access, and property condition issues must conform to FHA requirements.

The appraiser must indicate if the property is in need of, or in the process of receiving any repairs. Make appropriate requirements for repairs-to-be-completed and appraise the property "as repaired."

The appraiser must indicate if the property conforms to the applicable Minimum Property Requirements of this Handbook. If it does not, the appraiser must recommend correction of the deficiency or rejection of the loan and explain. Tribally owned and maintained streets and utilities are considered publicly owned. Appraisers must require easements and a maintenance agreement for non-public, common ownership situations.

HUD accepts tribal enforcement of building codes and inspections to the extent they are standard and enforced. At the point tribal support is not available, review and certification that the work complies with an appropriate national standard must be contracted out to a licensed or certified specialist. Example, a tribe issues building permits, but has no provisions for inspections. The lender/borrower must contract with a lender approved qualified specialist such as an engineer, architect or inspector. Inspection/approval by the Indian Health Service is acceptable for individual or community water and sewer systems.

The remaining economic life must be estimated and reported but does not limit the mortgage. The subject property must possess sufficient remaining physical life to warrant a long-term mortgage. The mortgage term may not exceed the remaining physical life of the property.

### A. HUD/FHA Section 248 and HUD/ONAP Section 184 Requirements

For both Section 248 and Section 184 programs, the property must be free of hazards, noxious odors, grossly offensive sights or excessive noises which might endanger the physical improvements, affect the livability of the property, its marketability, or the health and safety of its occupants. If any of these conditions exist, the appraiser must recommend correction of the problem or rejection of the loan and explain.

For both programs, the appraiser will make appropriate requirements to correct any observed or potential environmental problems. Many reservations have not been mapped for the 100-year flood plain. If the appraiser observes a possible flood plain problem, they are to require flood insurance on existing properties. The Underwriter may waive the flood insurance requirement if the borrower or the tribe provides an elevation certificate from a licensed engineer that the property is not at risk from flooding. Note that the lowest floor (including basement) for new construction must be at or above the 100-year flood elevation.

### B. REPORTING REQUIREMENTS

The appraiser must report if an approach was not developed and insert the rationale for exclusion of the approach. The appraiser must attach an addendum complete with the assumptions supporting the indication of value by the cost approach. The cost approach is reconciled to the other values, if any, on the URAR. The appraiser will indicate any work requirements or VC pursuant to outstanding instructions. The DE underwriter/lender must assure acceptable completion of any work requirements pursuant to existing instructions.

## C-5 INSTRUCTIONS FOR ASSISTED APPRAISAL PROCESSING IN APPRAISAL HIGH COST AREAS

To accommodate the special conditions associated with remote sites on Native American lands, the following assisted appraisal process is allowed.

The assigned appraisers may network with local personnel where the high cost of real estate appraisals is a concern for underwriting single family mortgages in Native American communities. To minimize this problem, FHA and ONAP will allow the use of trained local personnel to perform the inspection, provide current analysis of the local market, and draft the appraisal report. The report must be forwarded to the assigned appraiser who will review the report, provide additional documentation, sign the URAR and forward the report to the lender.

Using the Assisted Appraisal Process is restricted to remote areas where licensed appraisers are not readily available. It may be used when the cost of transportation and/or time increases the cost of the appraisal to twice the cost of typical appraisals in the local urban areas. The process must be monitored and acceptable to the DE underwriter/lender. The assigned appraiser may use local subcontractors who:

- Have general real estate skills (construction, lending, sales, management) acceptable to the appraiser (such as Housing Authority staff, Tribal Designated Housing Entities (TDHE) staff or BIA realty personnel, local real estate professionals).
- Must comply with the Conflict of Interest limitations (have no personal or financial interest with the buyers or sellers of the property).
- An appraiser who signs a real property appraisal report prepared by another, even under the label of "review appraiser" must accept full responsibility for the contents of the report, USPAP Standard 2-5.
- The assigned appraiser is responsible for the entire appraisal and signs the URAR. The individual assisting in the report must document the extent of help provided and certify no conflict of interest exists in the certification.
- The assigned appraiser must be familiar with the Competency Rule in the USPAP. This includes key issues such as the unique property rights conveyed, the local market involved and market conditions. It is assumed the remote area markets will change slowly. If conditions have changed, an updated analysis is required. The assigned appraiser assumes all responsibility that the appraisal meets all HUD/FHA and ONAP program requirements.

## HUD Handbook 4150.2- Appendix D, Valuation Protocol

The appraisal process is the lender's tool for determining if a property meets the minimum requirements and eligibility standards for a FHA-insured mortgage. *Underwriters bear primary responsibility for determining eligibility; however, the appraiser is the on-site representative for the lender and provides preliminary verification that the General Acceptability Criteria standards have been met.*

### FHA RESIDENTIAL APPRAISAL REQUIREMENTS

This section provides specific instructions for completing appraisal report forms.

The appraisal reporting form to be used will depend on the property type that is being appraised. The appraiser must select the appropriate appraisal form for reporting an FHA appraisal from the following:

1. Uniform Residential Appraisal Report (Fannie Mae Form 1004 March 2005) – Required to report an appraisal of a one-unit property or a one-unit property with an accessory unit.
2. Manufactured Home Appraisal Report (Fannie Mae Form 1004C March 2005) – Required to report an appraisal of a one-unit manufactured home.
3. Individual Condominium Unit Appraisal Report (Fannie Mae Form 1073 March 2005) – Required to report an appraisal of a unit in a condominium project or a condominium unit in a planned unit development (PUD).
4. Small Residential Income Property Appraisal Report (Fannie Mae Form 1025) – Required to report an appraisal of a two- to four-unit property.

An appraisal performed for HUD/FHA purposes requires that all sections of the appraisal form be addressed. The appraiser must complete the form in a manner that clearly reflects the thoroughness of the investigation and analysis of the appraisal findings. The conclusions about the observed conditions of the property provide the rationale for the opinion of market value. The completed appraisal form utilized, together with the required exhibits, constitutes the reporting instrument to HUD for FHA-insured mortgages.

The FHA Appraisal is made	Under the following conditions
A. "As Is"	<ol style="list-style-type: none"> <li>1. There is/are no repair(s), alteration(s) or inspection conditions noted by the appraiser, or</li> <li>2. Establishing the "as is" value for a regular 203(k), or</li> <li>3. The property is being recommended for rejection</li> </ol>
B. "Subject to Completion per Plans and Specifications"	<ol style="list-style-type: none"> <li>1. Proposed Construction where construction has not started, or</li> <li>2. Under Construction but not yet complete (less than 90%), or</li> <li>3. Regular 203(k)</li> </ol>
C. "Subject to the following Repairs or Alterations"	<ol style="list-style-type: none"> <li>1. Repair or Alteration Condition(s) noted by the appraiser, or</li> <li>2. Streamline 203K, or</li> <li>3. Under Construction, more than 90% complete with only minor finish work remaining (buyer preference items i.e., floor coverings, appliances, fixtures, landscaping, etc.). This eliminates the need for construction exhibits.</li> </ol>
D. "Subject to the following Required Inspection"	<ol style="list-style-type: none"> <li>1. Required Inspection(s) noted by the appraiser</li> </ol>

# HUD Handbook 4150.2- Appendix A-2, Valuation of Other Properties

## Sales Comparison Approach

Typically, the Sales Comparison Approach is the most applicable approach to estimate the market value of a REO property. Appraisers may utilize sales comparables from other REO transactions **only** when such sales are deemed to be the best available for the market area **and** they meet all of the following criteria:

- located in the subject neighborhood or reasonable proximity
- comparable property subject to reasonable adjustment
- sold with a willing buyer and seller
- exposed to the market for a reasonable period

Appraisers are reminded that an explanation, as well as support, must be provided for any adjustments to the sales price of comparable sales that exceed the guidelines set forth in Revised Appendix D: Appraisal Protocol, pages D-31, D-68, D-98 and D-127, attachment to Mortgagee Letter 2005-48.

Inclusion of vacancy rates, rates of foreclosure and a discussion of foreclosure sales in the subject's market area may be used as additional support for reliance on sales of other REO transactions.

Do not use distressed sales such as Sheriff Sales. These sales do not involve a willing seller nor are they exposed to the market under normal conditions. The resulting value indication derived from the use of such sales is not consistent with the definition of market value.


**Assessment and Compliance Findings for the Related Laws**

RMS: HI-00487R

2. Date Received

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**Findings and Recommendations** are to be prepared **after the** environmental analysis is completed. complete items 1 through 15 as appropriate for all projects. For projects requiring an environmental assessment, also complete Parts A and B. For projects categorically excluded under 24 CFR 50.20, complete Part A. Attach notes and source documentation that support the findings.

3. Project Name and Location: (Street, City, County, State)	4. Applicant Name and Address (Street, City, State, Zip Code)
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5. <input type="checkbox"/> Multifamily <input type="checkbox"/> Elderly <input type="checkbox"/> Other (if Other, explain)	6. Number of: _____ Dwelling Units _____ Buildings _____ Stories _____ Acres	7. Displacement: <input type="checkbox"/> No <input type="checkbox"/> Yes (if Yes, explain)
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8. <input type="checkbox"/> New Construction <input type="checkbox"/> Rehabilitation <input type="checkbox"/> Other (if Other, explain)	10. Planning Findings: Is the project in compliance or conformance with the following plans? Local Zoning: <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable Coastal Zone: <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable Air Quality (SIP): <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable Explain any "No" answer: _____  Are there any unresolved conflicts concerning <input type="checkbox"/> No <input type="checkbox"/> Yes the use of the site (if Yes, explain)
--	---

9. Has an environmental report (Federal, State, or local) been used in completing this form?  No  Yes  
(if Yes, identify)

11. Environmental Finding: (check one)  
 Categorical exclusion is made in accordance with § 50.20 or  
 Environmental Assessment and a Finding of No Significant Impact (FONSI) is made in accordance with § 50.33 or  
 Environmental Assessment and a Finding of Significant Impact is made, and an Environmental Impact Statement is required in accordance with §§ 50.33(d) and 50.41.

Project is recommended for approval (List any conditions and requirements)  Project is recommended for rejection (State reasons):

12. Preparer: (signature)	Date:	13. Supervisor: (signature)	Date
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14. Comments by Environmental Clearance Officer (ECO):  
required for projects over 200 lots/units

ECO: (signature) <b>X</b>	Date:
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15. Comments (if any) by HUD Approving Official:

HUD Approving Official: (signature) <b>X</b>	Date:
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form HUD-4128 (10/96)  
ref. Handbook 1390.2

**Part A. Compliance Findings for §50.4 Related Laws and Authorities**

§ 50.4 Laws and Authorities	Project is in Compliance	Source Documentation and Requirements for Approval
	Yes   No	

16. Coastal Barrier Resources			
17. Floodplain Management (24 CFR Part 55)			
18. Historic Preservation (36 CFR Part 800)			
19. Noise Abatement (24 CFR Part 51 Subpart B)			
20. Hazardous Operations (24 CFR Part 51 Subpart C)			
21. Airport Hazards (24 CFR Part 51 Subpart D)			
22. Protection of Wetlands (E.O. 11990)			
23. Toxic Chemicals & Radioactive Materials (§ 50.3(i))			
24. Other § 50.4 authorities (e.g., endangered species, sole source aquifers, farmlands protection, flood insurance, environmental justice)			

**Part B. Environmental/Program Factors**

Factors	Anticipated Impact/Deficiencies			Source Documentation and Requirements for Approval
	None	Minor	Major	
25. Unique Natural Features and Areas				
26. Site Suitability, Access, and Compatibility with surrounding development				
27. Soil Stability, Erosion, and Drainage				
28. Nuisances and Hazards (natural and built)				
29. Water Supply / Sanitary Sewers				
30. Solid Waste Disposal				
31. Schools, Parks, Recreation, and Social Services				
32. Emergency Health Care, Fire and Police Services				
33. Commercial/Retail and Transportation				
34. Other				

form HUD-4128 (10/96)  
ref. Handbook 1390.2

**“New Construction - 1-4 Units on one Site  
or 5 or more units on scattered site (2000 ft)”  
STATUTORY WORKSHEET**

Use this worksheet only for HUD projects which are Categorically Excluded per 24 CFR Section 58.35(a).

**24 CFR §58.5 STATUTES, EXECUTIVE ORDERS & REGULATIONS**

**PROJECT NAME and DESCRIPTION** - Include all contemplated actions which logically are either geographically or functionally part of the project:

This project is determined to be categorically excluded according to: [Cite section(s)]\_\_\_\_\_

**DIRECTIONS** - Write “A” in the Status Column when the project, by its nature, does not affect the resources under consideration; OR write “B” if the project triggers formal compliance consultation procedures with the oversight agency, or requires mitigation (see Statutory Worksheet Instructions). Compliance documentation must contain verifiable source documents and relevant base data. Attach reviews, consultations, special studies as needed.

**Compliance Factors:**

Statutes, Executive Orders, and Regulations listed at 24 CFR §58.5	Status A / B	Compliance Finding and Documentation
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<b>Historic Preservation</b> [36 CFR Part 800]		
<b>Floodplain Management</b> [24 CFR 55, Executive Order 11988]		
<b>Wetland Protection</b> [Executive Order 11990]		
<b>Coastal Zone Management Act</b> [Sections 307(c), (d)]		
<b>Sole Source Aquifers</b> [40 CFR 149]		
<b>Endangered Species Act</b> [50 CFR 402]		
<b>Wild and Scenic Rivers Act</b> [Sections 7(b), and (c)]		
<b>Clean Air Act</b> - [Sections 176(c), (d), and 40 CFR 6, 51, 93]		

<b>Farmland Protection Policy Act</b> [7 CFR 658]		
<b>Environmental Justice</b> [Executive Order 12898]		
<b>HUD ENVIRONMENTAL STANDARDS</b> Noise Abatement and Control [24 CFR 51B]		
<b>Explosive and Flammable Operations</b> [24 CFR 51C]		
<b>Toxic Chemicals and Radioactive Materials</b> [HUD Notice 79-33]		
<b>Airport Clear Zones and Accident Potential Zones</b> [24 CFR 51D]		

DETERMINATION:

- ( ) This project converts to Exempt, per Section 58.34(a)(12), because it does not require any mitigation for compliance with any listed statutes or authorities, nor requires any formal permit or license (Status "A" has been determined in the status column for all authorities); **Funds may be drawn down** for this (now) EXEMPT project; OR
- ( ) This project cannot convert to Exempt because one or more statutes/authorities require consultation or mitigation. Complete consultation/mitigation requirements, publish NOI/RROF and obtain Authority to Use Grant Funds (HUD 7015.16) per Section 58.70 and 58.71 before drawing down funds; OR
- ( ) The unusual circumstances of this project may result in a significant environmental impact. This project requires preparation of an Environmental Assessment (EA). Prepare the EA according to 24 CFR Part 58 Subpart E.

PREPARER SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

PREPARER NAME: \_\_\_\_\_

RESPONSIBLE ENTITY OFFICIAL / SIGNATURE: \_\_\_\_\_

NAME, TITLE: \_\_\_\_\_ DATE: \_\_\_\_\_

*“Existing Construction”*  
**ENVIRONMENTAL REVIEW RECORD**

**COMPLIANCE WITH 24 CFR 58.6**

**FLOOD DISASTER PROTECTION ACT**

1. Is the project located within a Special Flood Hazard Area as mapped by the Federal Emergency Management Agency (FEMA)? \_\_\_\_\_ Yes \_\_\_\_\_ No
2. If the project site has not been mapped by FEMA, is it in a flood prone area as determined by another qualified source?

Source Documentation: \_\_\_\_\_

If the answer to either question 1 or 2 is yes, the project cannot proceed unless flood insurance is obtained through the National Flood Insurance Program.

Insurance Policy Number: \_\_\_\_\_

**COASTAL BARRIER IMPROVEMENT ACT**

1. Is the project located within a designated coastal resource area? \_\_\_\_ Yes \_\_\_\_ No

NOTE: There are no coastal barriers along the Pacific coast.

**RUNWAY CLEAR ZONE/CLEAR ZONE**

1. Does the project involve the sale or acquisition of existing property within an FAA-designated runway clear zone?

\_\_\_\_\_ Yes \_\_\_\_\_ No

Source documentation: \_\_\_\_\_  
\_\_\_\_\_

If yes, responsibility entity must advise the buyer of existing conditions/implications and a disclaimer signed by owner must be attached.

**PREPARED BY:** \_\_\_\_\_ **DATE:** \_\_\_\_\_

## HUD Handbook 41451 REV-2: Architectural Processing and Inspections for Home Mortgage Insurance

pg 3-13:

There must be a properly enclosed crawl space with a continuous permanent foundation-type construction (similar to a conventionally built foundation, i.e., concrete, masonry or treated wood). The perimeter enclosure, if separate from supporting the foundation, must:

- a. Be designed to resist all forces to which it may be subject without transmitting to the building superstructure any movements or effects caused by frost heave, soil settlement (consolidation), or the shrinking or swelling of expansive soils;
- b. Be adequately secured to the perimeter of the unit to exclude entry of vermin and water; and
- c. Allow proper ventilation of the crawl space.

# Warranty of Completion of Construction

U.S. Department of Housing  
and Urban Development  
Office of Housing  
Federal Housing Commissioner

OMB Approval No. 2502-0059  
(Expires 11/30/2010)

This information is required to obtain a HUD-insured single family mortgage. Public reporting burden for this collection of information is estimated to average 3 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and you are not required to respond to, a collection of information unless that collection displays a valid OMB control number. HUD collects this information to determine the insurability of a mortgage on the captioned property and may use it to make a final determination as to whether a defect exists and whether the builder must remedy the defect.

**Privacy Act Notice:** The United States Department of Housing and Urban Development, Federal Housing Administration, is authorized to solicit the information requested in the form by virtue of Title 12, United States Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. While no assurance of confidentiality is pledged to respondents, HUD generally discloses this data only in response to a Freedom of Information Act request.

Lender's Name, Address and Phone Number (Include Area Code)	Name(s) of Purchaser/Owner
FHA/VA Case Number	Property Address

For good and valuable consideration, and in accordance with Section 801 of the Housing Act of 1954, and Public Law 85-857 (38 U.S.C. 3705), the undersigned Warrantor hereby warrants to the Purchaser(s) or Owner(s) identified in the caption hereof, and to his/her successors or transferees, that:

The dwelling located on the property identified in the caption hereof is constructed in substantial conformity with the plans and specifications (including any amendments thereof, or changes and variations therein) which have been approved in writing by the Federal Housing Commissioner or the Secretary of Veterans Affairs on which the Federal Housing Commissioner or the Secretary of Veterans Affairs based the valuation of the dwelling: **Provided, however,** That this warranty shall apply only to such instances of substantial nonconformity as to which the Purchaser(s)/ Owner(s) or his/her (their) successors or transferees shall have given written notice to the Warrantor at any time or times within one year from the date of original conveyance of title to such Purchaser(s)/Owner(s) or the date of initial occupancy, whichever first occurs: **Provided further, however,** That in the event (1) the Purchaser(s)/Owner(s) acquired title to the captioned property prior to the completion of construction of the dwelling thereon, such notice of nonconformity to the Warrantor may be given any time or times within one year from the date of completion or initial occupancy of such dwelling, whichever first occurs, or (2) where it has been necessary to postpone improvements such notice of nonconformity to the Warrantor as to such incomplete items may be given at any time or times within one year from the date of full completion of each of such items.

The term "dwelling" as used herein shall be deemed to include all improvements or appurtenances set forth in the plans and specifications upon which the Federal Housing Commissioner or the Secretary of Veterans Affairs has based the valuation of the property, excepting those constructed by a municipality or other government authority.

The undersigned Warrantor further warrants to the Purchaser(s)/ Owner(s) or his/her (their) successors or transferees, the property against defects in equipment, material, or workmanship and materials supplied or performed by the Warrantor or any subcontractor or supplier at any tier resulting in noncompliance with standards of quality as measured by acceptable trade practices. This warranty shall continue for a period of one year from the date of original conveyance of title to such Purchaser(s) or from the date of full completion of each of any items completed after conveyance of title. The Warrantor shall remedy, at the Warrantor's expense, any defect(s) of equipment, material, or workmanship furnished by the Warrantor. Warrantor shall restore any work damaged in fulfilling the terms and conditions of this warranty.

If a manufactured (mobile) home was erected on this property, the Warrantor further warrants that (1) the property (other than the manufactured unit itself) complies with the submitted construction exhibits; (2) the manufactured home sustained no hidden damage during transportation and erection; and (3) if the home was manufactured in separate sections, the sections were properly joined and sealed.	Manufacturer's Name, Address & Phone Number (Include Area Code)
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This warranty shall be in addition to, and not in derogation of, all other rights and privileges which such Purchaser(s)/ Owner(s) or his/her (their) successors or transferees may have under any other law or instrument, and shall survive the conveyance of title, delivery of possession of the property, or other final settlement made by the Purchaser(s)/ Owner(s), and shall be binding on the Warrantor notwithstanding any provision to the contrary contained in the contract of purchase or other writing executed by the Purchaser(s)/ Owner(s) or his/her (their) successors or transferees heretofore or contemporaneously with the execution of this agreement or prior to final settlement.

This warranty is executed for the purpose of inducing the Federal Housing Commissioner or the Secretary of Veterans Affairs to make, to guarantee or to insure a mortgage on the captioned property, and the person signing for the Warrantor represents and certifies that he/she is authorized to execute the same by the warrantor and by his/her signature the Warrantor is duly bound under the terms and conditions of said warranty. The FHA Commissioner or the Secretary of Veterans Affairs reserves the right to make a final determination as to whether a defect exists and whether the builder must remedy the defect.

<b>Warrantor</b> Warrantor's Title		<b>Purchaser(s)' Acknowledgement</b> Signature of Purchaser		Date (mm/dd/yyyy)
Signature	Date (mm/dd/yyyy)	Signature of Purchaser	Date (mm/dd/yyyy)	
Builder's Name and Address		Builder's Phone Number (Include Area Code)		

**Purchaser Note:** Any notice of nonconformity must be delivered to the warrantor within the period or periods set forth above.

**Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802) Provide completed copies of this warranty to both the homebuyer and the builder, at closing. Include a copy of this warranty in the case binder when sent to HUD.

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
OFFICE OF NATIVE AMERICAN PROGRAMS**

***IMPORTANCE OF HOME INSPECTIONS***

***HUD DOES NOT WARRANT THE VALUE OR THE CONDITION OF A HOME***

HUD's Office of Native American Programs requires the lender to have an appraiser determine the value of the property which you are purchasing, it is an estimate only and is used to determine the amount of mortgage which HUD will guarantee and if the condition of the property makes it eligible for HUD mortgage guarantee. The appraisal, however, is not a guarantee that the property is free of defects.

As the purchaser, YOU should carefully examine the property or have it inspected by a qualified home inspection company to make sure that the condition is acceptable to you. You should do this before you sign the sales contract or make the contract contingent on the inspection. If repairs are needed, you may negotiate with the owner about having the faults corrected.

There is no requirement that you hire an inspector. If you choose to, the cost of the inspection up to \$300 may be included in our mortgage loan. Names of home inspection companies can be found in the yellow pages of your telephone directory under the heading, "Home Inspection Services", or your Tribe or Housing Authority may have a listing of these companies.

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Borrower(s) Signature

# HUD Handbook 4905.1- Requirements for Existing Housing One to Four

## Chapter 1 - APPLICATION

1-1 GENERAL. These minimum requirements for existing housing were prepared jointly by HUD and the Department of Veterans Affairs and apply to existing buildings containing one to four living units and to the sites upon which they are located. The buildings may be detached, semidetached, duplex, or row houses. These requirements also cover the immediate site environment for the dwellings, including streets, and other services and facilities for the site.

1-2 PROPOSED ADDITIONS AND ALTERATIONS. For HUD programs, any proposed additions to an existing property shall comply with the requirements of HUD Handbooks 4910.1, Appendix K (24 CFR 200.926d) and 4145.1.

1-3 COMPLIANCE WITH CODES. Enforcing, interpreting or determining compliance with local codes and regulations is the responsibility of local authorities. When code compliance is required by statute (such as under Section 221(d)(2) of the National Housing Act) responsibility to secure evidence of compliance rests with the respective agency.

## Chapter 2 - GENERAL ACCEPTABILITY CRITERIA

2-1 GENERAL. The requirements in this Handbook together with appropriate administrative rules and regulations constitute the minimum acceptable criteria for eligibility of existing properties.

2-2 REAL ESTATE ENTITY. The property must comprise a single readily marketable real estate entity.

2-3 PARTY OR LOT LINE WALL. A building constructed on or to a property line must be separated from the adjoining building, by a wall extending the full height of the building from the foundation to the ridge of the roof. The wall can separate row type townhouses or semi-detached units. There must be adequate space between buildings to permit maintenance of the exterior walls.

2-4 SERVICE AND FACILITIES.

A. Trespass. Each living unit must be able to be used and maintained individually without trespass upon adjoining properties. Any easement required must run with the land.

B. Utilities must be independent for each living unit except that common services, such as water, sewer, gas and electricity, may be provided for living units under a single mortgage or ownership. Separate utility service shut-offs for each unit shall be provided. For living units under separate ownership, common utility services may be provided from the main to the building line when protected by easement or covenant and maintenance agreement acceptable to HUD. Individual utilities serving a living unit shall not pass over, under, or through another living unit, unless provision is made for repair and maintenance of utilities without trespass on adjoining properties or legal provision is made for permanent right of access for maintenance and repair of utilities.

C. Other Facilities must be independent for each living unit, except that common services, such as laundry and storage space or heating, may be provided for in two-to-four living unit buildings under a single mortgage.

## 2-5 REQUIRED PROVISIONS:

A. Each living unit must contain the following:

- 1) A continuing supply of safe and potable water.
- 2) Sanitary facilities and a safe method of sewage disposal.
- 3) Heating adequate for healthful and comfortable living conditions. The Field Office may determine that climatic conditions are such that mechanical heating is not required.

Dwellings with wood burning stoves or solar systems used as a primary heat source must have permanently installed conventional heating systems that maintain at least 50 degrees Fahrenheit in areas containing plumbing systems.

- 4) Domestic hot water.
- 5) Electricity for lighting and for equipment used in the living unit.

B. When individual water supply and sewage disposal systems apply, the following shall be required:

1) Water quality must meet the requirements of the health authority having jurisdiction. If the local authority does not have specific requirements, the maximum contaminant levels established by the Environmental Protection Agency (EPA) shall apply.

For location of wells for HUD-insured properties refer to 24 CFR 200.926d(f)(3) or HUD Handbook 4910.1, Appendix K. If the authority is unable to perform the water quality analysis in a timely manner, a private, commercial testing laboratory or a licensed sanitary engineer acceptable to the authority may take and test water samples.

2) Each living unit must be provided with a sewage disposal system adequate to dispose of all domestic wastes in a manner which will not create a nuisance, or in any way endanger the public health. Individual pit privies are permitted where such facilities are customary and are the only feasible means of waste disposal, provided they are installed in accordance with the recommendations of the local Department of Health or, in the absence of such recommendations, with the requirements of the U.S. Public Health publication, "Individual Sewage-Disposal Systems."

3) Connection must be made to a public or community water/sewage disposal system whenever feasible.

## 2-6 NONRESIDENTIAL USE.

A. Design Limitations.

1) Any nonresidential use of the property shall be subordinate to its residential use and character. A property, any portion of which is designed or used for nonresidential purposes, is eligible only if the type or extent of the nonresidential use does not impair the residential character of the property.

2) Areas designed or used for nonresidential purposes shall not exceed 25 percent of the total floor area. Storage areas or similar spaces which are integral parts of the nonresidential portion shall be included in the total nonresidential area.

## 2-7 ACCESS.

### A. Streets.

1) Each property must be provided with a safe and adequate pedestrian or vehicular access from a public or private street.

2) All streets must have an all-weather surface.

3) Private streets must be protected by permanent easements and maintained by a Homeowners Association or joint maintenance agreement.

B. Access to the living unit must be provided without passing through any other living unit. Access to the rear yard must be provided without passing through any other living unit. For a row-type dwelling, the access may be by means of alley, easement, passage through the dwelling, or other acceptable means.

2-8 DEFECTIVE CONDITIONS. Defective construction, poor workmanship, evidence of continuing settlement, excessive dampness, leakage, decay, termites, or other conditions impairing the safety, sanitation or structural soundness of the dwelling shall render the property unacceptable until the defects or conditions have been remedied and the probability of further damage eliminated.

2-9 SPACE REQUIREMENTS. Each living unit must be provided with space necessary to assure suitable living, sleeping, cooking and dining accommodations and sanitary facilities.

2-10 MECHANICAL SYSTEMS must be safe to operate, be protected from destructive elements, have reasonable future utility, durability and economy, and have adequate capacity and quality.

2-11 VENTILATION. Natural ventilation of structural space such as attics and crawl spaces, must be provided to reduce the effect of conditions of excess heat and moisture which are conducive to decay and deterioration of the structure.

2-12 ROOF COVERING must prevent entrance of moisture and provide reasonable future utility, durability and economy of maintenance. When reroofing is needed for a defective roof, already consisting of three layers of shingles, all old shingles must be removed prior to re-roofing.

2-13 HAZARDS. The property must be free of hazards which may adversely affect the health and safety of the occupants or the structural soundness of the improvements, or which may impair the customary use and enjoyment of the property by the occupants. The hazards can be subsidence, flood, erosion, defective lead base paint (24 CFR Part 35) or the like.

2-14 CRAWL SPACE. In order to insure against conditions which could cause deterioration to the building and seriously affect the marketability of the property, it is required that:

A. There must be adequate access to the crawl space.

B. The floor joists must be sufficiently above the highest level of the ground to provide access for maintenance and repair of ductwork and plumbing.

C. The crawl space must be clear of all debris and properly vented.

D. Any excessive dampness or ponding of water in the crawl space must be corrected.

2-15 DRAINAGE. The site must be graded so as to provide positive, rapid drainage away from the perimeter walls of the dwelling and prevent ponding of water on the site.